the NATIONAL UNDERWRITER

d weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

he National Weekly Newspaper of Fire and Casualty Insurance

30¢ a copy
$7.50 a year

August 12, 1960
64th Year, No. 33

Aetna Life, Nationwide Show Wide Range of Policyholder Programs

Below is the fourth in a series of articles on what leading insurers are doing in the field of policyholder relations. The National Underwriter has been conducting a survey on this subject. Aetna Life and Nationwide are covered in this article.

AETNA LIFE GROUP

Almost everything the Aetna Life companies do is considered to have an effect on relations with policyholders. Aetna does not have a special department for policyholder relations but there are several departments which are specifically concerned with these matters. Here are some of the activities being carried on in these areas, which include the agency department, group department, advertising department, information and education department, and the recently reorganized policyholder's service department.

Provisions For Group Policyholders

For group insurance policyholders, Aetna provides:

—Flip charts and slides for visual presentation of an employer's group plan to the firm's employes.

—Posters, pay-check enclosures, and house organ articles to help an employer stress the value of his group insurance program to his workers.

—A special kit of informational materials to help employers remind employes of rising medical care costs and ways in which group insurance costs can be kept at reasonable levels.

—A special file-folder kit explaining methods of handling the administration and payment of claims by the employer.

Aetna communicates with individual life policyholders in the following way.

—Premium notices are employed extensively to bring informational mes-

(CONTINUED ON PAGE 24)

Contract Losses Running Very High For Bond Insurers

Ratios Are Up 20 To 30 Points For Many Sureties; See Trend Lasting To 1961

Contractor failures have increased sharply, and the surety business, it is said, will have one of the worst years in history as a result. It is estimated that the loss ratio on contract bond business is running 20 to 30 points higher than it did a year ago for the first seven months. A few sureties appear to have done better than the others, but the majority are contending with a real tide. The losses show no signs of abatement.

There are several "conversation pieces," losses above $1 million, or even multi-million dollar, in size. These have attracted major attention —there is a big one at Los Angeles, another in the midwest, one in metropolitan New York, and still another in the southwest, all of spectacular character. On a certain contract where the total bond penalty is $1,250,000, sureties already paid out or put up reserves are totaling $4 million.

"Little" Ones Hurt

Surety men say that the conversation pieces don't worry them. What does is that for every giant sized failure, there are dozens of smaller ones. Also, every type of contractor is represented in the losses—general contractors and subcontractors, building builders and highway constructors,

(CONTINUED ON PAGE 20)

Hearing On Offer Of Security For New Amsterdam Aug. 22

Connecticut Commissioner Alfred N. Premo has set Aug. 22 as the date for a public hearing on the Security of Connecticut proposal to merge with New Amsterdam. The hearing, which will consider the fairness of the Security offer, will take place at the State Office Building, Hartford.

Security is offering 1.25 of its shares for each share of New Amsterdam. (This figure was incorrectly reported in last week's issue as 1.5 for 1.) Security will accept only the first 405,000 shares tendered under the offer.

Opposition to Security plans has come from Greater New York Insurance Brokers Assn. in the form of letters to the insurance departments of New York and Maryland and the antitrust division of the Department of Justice. C. Joseph Danahy, counsel of the association, stated that "the association and its members feel that the proposed merger would be in restraint of trade, would limit competition, and is not in the public interest. They therefore request that in the exercise of your discretion, your refuse to approve this merger."

In a move to block the Security proposal J. Arthur Nelson, chairman of New Amsterdam, wrote in a letter to stockholders of the company that New Amsterdam directors had advised against the offer and were still against it.

"We would suggest that you not take any action with regard to your present stock holding in New Amsterdam Casualty until you have looked carefully into the situation, and until your directors have had an opportunity to make a recommendation to you," he wrote.

Concerning a possible Fidelity & Deposit counter-offer, Mr. Nelson said he believed there would be a definite proposal forthcoming in the very near future. Mr. Nelson was hopeful that a combination with F.&D. could be accomplished on a tax-free basis, but that well over 20% of the stock would not be tendered under the Security offer, thus making a merger with Security a taxable transaction.

Insurance Counsel To Hear Speakers From Three Fields

Speakers from three fields—insurance, law and medicine—will be heard by approximately 500 members of Federation of Insurance Counsel at its annual convention Aug. 24-27 at the Bellevue-Stratford, Philadelphia.

Two panels will be featured. James Dempsey, attorney, White Plains, N.Y.; Carl Wymore, vice-president Employers Re; Wilfred R. Lorry, attorney, Philadelphia, and David Green, president Motor Club of America, will discuss liability of an insurer for verdicts in excess of policy limits.

The other panel, "Judicial Administration," will have as participants George Woodliff, Jackson, Miss.; Abraham Harkavy, Newark; Carroll Heft, Racine, Wis., and John Gordon Gearin, Portland.

Speakers include N. Morgan Woods, claims division Assn. of Casualty & Surety Companies, "Fraudulent Claims;" C. Thomas Schettino, New Jersey supreme court, "Results of Court Administrator System in New Jersey;" and Dr. Martin A. Blaker, orthopedic surgeon, Philadelphia, "The Electromyogram—Its Use, Misuse and Abuse in Substantiating the Exaggerated Whiplash Injury."

A highlight of the convention will be the announcement of the federation's annual insurance man of the year award.

Rodney Forms Chicago Agency

Industrial Insurance Agency has been formed at Chicago and in addition to handling conventional lines specializes in long haul trucking. M. E. Rodney, president started in insurance with Liberty Mutual in 1931. He was at the home office and then for nine years was at Chicago, leaving that company in 1951 to become underwriting manager for Virginia Surety, which handles long haul trucking only. In 1955 he become a vice-president of Michigan Surety, subsequently leaving that company to go into the brokerage business in 1958.

File Discount Auto Program In Tenn., Ask Higher Rates

National Bureau and National Automobile Underwriters Assn. have filed their special package auto policy, safe driver rating plan, the 10% discount for compact cars, a lower rate for uninsured motorist cover, and applications for a 25% liability rate increase and a 6% PHD increase in Tennessee.

Commissioner John R. Long turned the two bureaus down in January this year when they asked for substantial rate increases. They report that their companies had a loss ratio of 117.6 in the state in 1959.

The package policy would produce savings of up to 15%, and the safe driver program would give drivers

(CONTINUED ON PAGE 29)

Travelers is preparing an "America Goes to the Polls" exhibition at its 52 Prospect Street, Hartford, office to assist the national get out the vote campaign. The ladies shown are getting a preview of the exhibition which will run Sept. 6 through Nov. 8. Mementoes of all U. S. presidential elections from the private collection of J. Doyle DeWitt, Travelers president, will be on display. He took 25 years to gather the 20,000 items. The display tells the story of each national political campaign beginning with George Washington's. The display includes campaign literature and cartoons, buttons, banners, and unusual campaign gadgets. The display center will be decorated to resemble an old-fashioned campaign headquarters, complete with bunting and Baltimore gas lights.

Hawaiian Insurer Has Successful Continuous Policy, No-Billing Plan For Personal Lines

Operations of a continuous policy, no-billing plan for personal insurance coverages, with premiums deducted from insured's bank account monthly and paid by the bank to the insurer, were described to members of the Insurance Group of Union League Club of Chicago last week by Cletus J. Miller, assistant vice-president of Pacific of Hawaii, whose company has used the system for more than a year, currently at a rate of nearly $5 million.

Walter G. Dithmer, midwest manager of Insurance Information Institute, presided as the new chairman of the Union League Club Insurance Group succeeding Roy L. Davis, midwest manager Assn. of Casualty & Surety Companies. The speaker was introduced by Guy Fergason of Fergason Personnel, who prevailed upon Mr. Miller to speak by inviting him to lunch with "a few friends," after hearing the story of the Pacific's success with a new idea in property insurance merchandising.

Speaking under the handicap of having no prepared material and no exhibits or statistics to show how the Pacific system has been working, Mr. Miller nevertheless made a presentation that intrigued his audience and provoked several questions.

Began Five Years Ago

Mr. Miller said Pacific began to make innovations in the personal lines about five years ago. The company was concerned with the expense of handling renewals, of billing and of collections. These expenses were eating into the personal lines, and the company, in an effort to put the profit back into fire and auto insurance, began a series of experiments that materialized about two years ago with the development of a single policy for all personal lines that involved no expirations, no billing and no collection by the agencies.

The idea, Mr. Miller admitted, originated with the life companies, and he went so far as to say there may be nothing whatsoever new about it except that it is applied to fire and casualty insurance.

Rates for fire, inland marine, auto, etc., are quoted to the prospect or insured in terms of cost per month. A program can be started at any time and renewals picked up on expiration. The company tries to make sure that any coverage it writes will eventuate in a premium of no less than $5 a month. This means that coverage actually could start for as little as $1 a month if as renewals are picked up it will increase to $5.

This is a machine-operated plan, Mr. Miller explained, and the company has a minimum of involvement. Once the policy is written and the rate determined, monthly payments are deducted from the insured's bank account. Insured receives a draft each month indicating how much he has paid, and it is cancelled just as a regular check would be.

Don't Have Contact

Among the objections that have been encountered, Mr. Miller mentioned that some agents have said they feel they are getting away from their insured. But, he said, many agents, once they have made the sale, hardly ever see their clients and have no more contact than the mailing of a renewal sometimes as infrequently as every five years. At least with the Pacific's plan, the insured gets a reminder every month that he is up to date with his insurance company. He is reminded that he is insured, and the agent can sit back with the realization that there will be no competition for this business because it is sewed up.

Another objection, Mr. Miller said, has to do with commissions, but he remarked that he can't see the merit in this one either. It seems to stem from the desire of some agents to get

(CONTINUED ON PAGE 21)

E. R. Hurd Retires From Ad Post At American

E. R. Hurd Jr., superintendent of the advertising and sales promotion division of American, has been granted early retirement for health reasons. Prior to joining American as a field man in 1939, Mr. Hurd had been in the general merchandising field and had been an adjuster with Western Adjustment and with Home. Following navy service in World War II, he joined American Auto in 1945 as advertising manager, and in 1957 after the merger of American and American Auto he was placed in charge of advertising and sales promotion activities of the group. Mr. Hurd was president of Insurance Advertising Conference in 1952. He is the author of many articles in insurance publications, has taught at agency management schools and has been a speaker at many agents' conventions. He plans to make his home in St. Louis.

Amer. Fore Loyalty Cuts Underwriting Loss In First Half

America Fore Loyalty group had an underwriting loss of $19,407,848 for the first six months of 1960 compared with a loss of $24,926,975 for the same period of 1959. Premiums written were $286,264,210, an increase of more than $12 million over the same period in 1959.

Unearned premium reserve was $24,968,436 compared with $27,908,204. The ratio of losses and loss expenses incurred to premiums earned was 65.1 compared with 67.5 in the first half of 1959. The ratio of underwriting expenses incurred to premiums written was 38.6 compared with 38.3

Investment income was $21,656,154 compared with $19,838,771 for the first six months of 1959. Net operating profit was $2,248,306 against a loss of $5,088,204 for the same 1959 period.

Net income after taxes increased to $8,375,832 from $4,076,373.

A. J. Polarek Joins London Assurance In Midwest Post

Andrew J. Polarek has been appointed agency manager for the midwest by London Assurance. He will have headquarters in Chicago.

A. J. Polarek

Mr. Polarek began his insurance career as a casualty underwriter with Royal-Globe group in Chicago in 1946, and subsequently served in a similar position with Hartford Accident. In 1949 he joined Pacific National as agency superintendent, later becoming assistant division manager of 14 states in the midwest. In joining London Assurance he will serve as agency manager for these same states.

Tells Current Situation At Lloyd's

At present there is virtually no market at London Lloyd's for the writing of primary general liability, Sidney A. Stewart Jr., vice-president of Crump London Underwriters, Memphis, told the school at Jackson sponsored by Mississippi Assn. of Insurance Agents. Lloyd's is not permitted to write financial guarantees of life insurance in the U.S. However, Mr. Stewart noted that Lloyd's underwriters are considering the possibility of setting up a separate corporation to write life insurance.

Also, he said, there is no market in London for the writing of regular workmen's compensation or primary automobile liability.

Mr. Stewart then reviewed the classes that are written by Lloyd's. He noted that while most of the excess and surplus up to five years or so ago went almost entirely to Lloyd's, today American insurers are aggressively competing for such business. Continental Casualty, North America, and Employers' Liability have entered the surplus field. While they are writing a small part of the business at present, there is little doubt that they are fast becoming a factor in the surplus-excess field, he said.

1% On Unusual Risks

The unusual coverages, such as a movie star's legs, a perfect score at a bowling alley, a hole-in-one in a golf tournament, and twin insurance, have resulted in publicity for the London market, though they constitute perhaps less than 1% of the amount of business written.

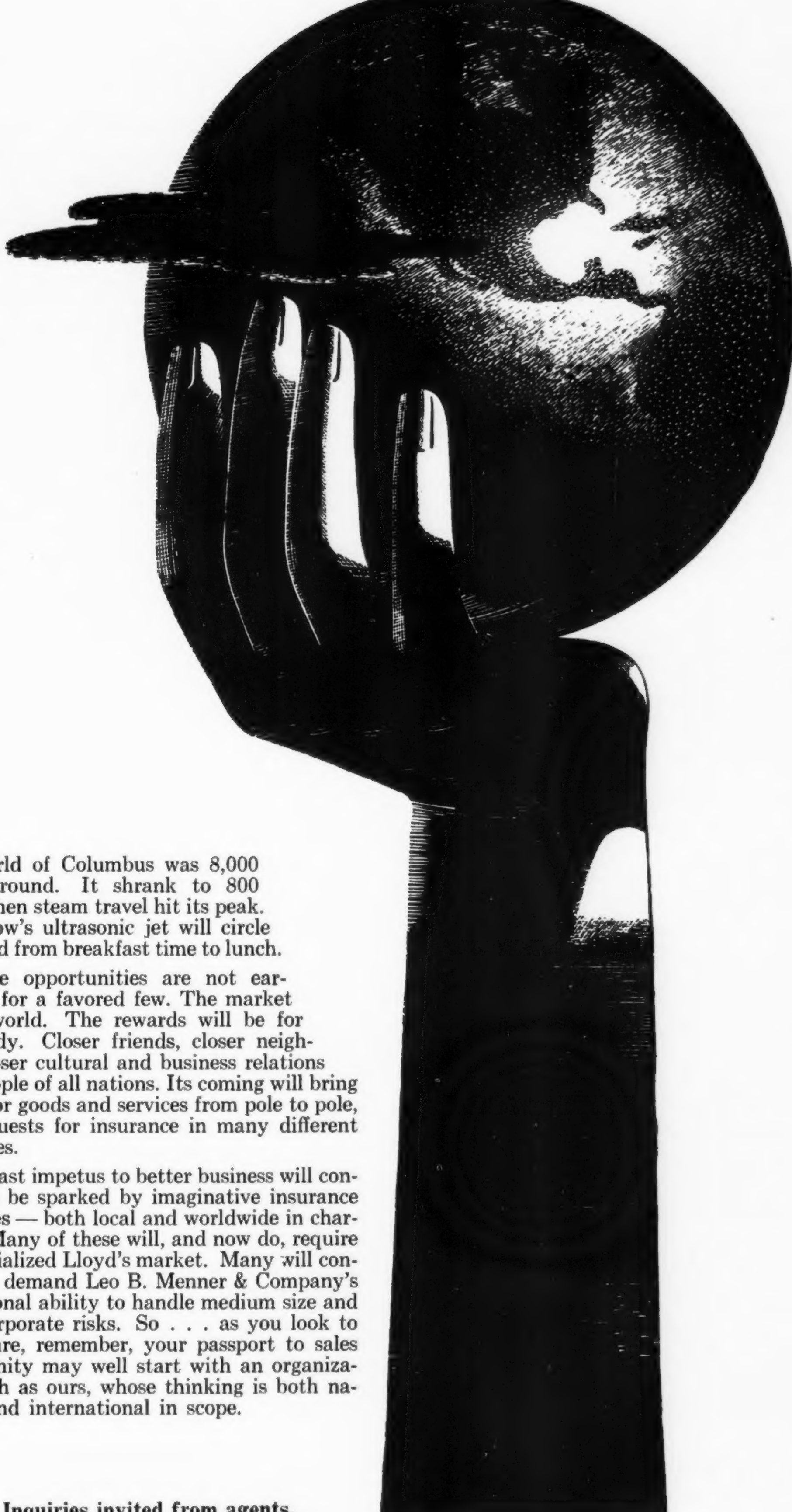
One class written most frequently is excess liability limits above retentions by domestic insurers. Certain risks are inherently catastrophe ex-

(CONTINUED ON PAGE 28)

1,453,600 Signed Up For Federal Workers A&S Plans

WASHINGTON, D. C.—Some 1,453,600 employes have enrolled in the federal employes group health benefits program as of July 15, according to the Civil Service Commission, which based its preliminary registration figures on statistics received from 35 of the 38 insurers of participating plans. Figures do not include the number of dependents which come under the plans, but these will be available later.

According to a commission statement, the preliminary enrollment figures break down as follows: Government-wide service benefit plan (Blue Cross-Blue Shield), 805,000 or 56% of total enrollment received; government-wide indemnity benefit plan, with Aetna Life as the prime insurer, 400,000 or 27% of the total; federal employe organization plans, 159,400 or 11% and comprehensive medical plans 89,200 or 6%.

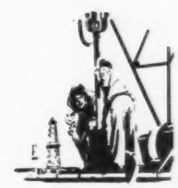


CUTTING THE GLOBAL CONCEPT DOWN TO SIZE

The world of Columbus was 8,000 hours around. It shrank to 800 hours when steam travel hit its peak. Tomorrow's ultrasonic jet will circle the world from breakfast time to lunch.

Future opportunities are not earmarked for a favored few. The market is the world. The rewards will be for everybody. Closer friends, closer neighbors, closer cultural and business relations with people of all nations. Its coming will bring orders for goods and services from pole to pole, and requests for insurance in many different languages.

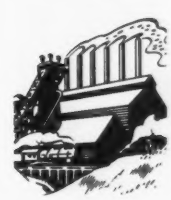
The vast impetus to better business will continue to be sparked by imaginative insurance coverages — both local and worldwide in character. Many of these will, and now do, require the specialized Lloyd's market. Many will continue to demand Leo B. Menner & Company's professional ability to handle medium size and large corporate risks. So . . . as you look to the future, remember, your passport to sales opportunity may well start with an organization such as ours, whose thinking is both national and international in scope.



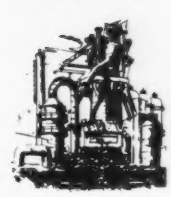
OIL RISKS

AVIATION

MARINE



CAPACITY FIRE
(including Deductibles)



UMBRELLA LIABILITY

Inquiries invited from agents, brokers and insurance companies

Lloyd's London

LEO B. MENNER & COMPANY, INC.

REINSURANCE • EXCESS AND SURPLUS LINES

BOARD OF TRADE BUILDING • 141 WEST JACKSON BOULEVARD

CHICAGO 4, ILLINOIS • PHONE • WEBSTER 9-7565

UAW Enters Health Field, Establishes Program At Detroit

LANSING—A long awaited, union-supported health plan to rival Blue Cross-Blue Shield was officially unveiled in considerable detail last week, and it turned out to be a rather localized program available only to metropolitan Detroit.

The plan, largely a brainchild of Walter P. Reuther, president of United Auto Workers, is to be operated by an organization known as Community Health Assn. which is headed by Reuther. The program goes much farther toward complete socialized medicine, but not at taxpayer expense, than do the coverages of Michigan Hospital Service (Blue Cross) and Michigan Medical Service (Blue Shield). Its comprehensive nature will make it more expensive, it is conceded, although rising premium costs constituted the original basis for complaint against Blue Cross.

Service under the new program is to be confined to a single center, Metropolitan Hospital at Detroit. This center, according to the UAW, will provide complete health services, including immunizations and periodic health check-ups, full diagnostic services, surgery and allied therapy, complete hospital service, home care, and consultation.

Metropolitan Branch Later

In order to prepare the center for operations, the UAW is financing a $2,350,000 expansion of the hospital and it is planned later to open branch clinics in the metropolitan area. The original staff at the center is to consist of 16 to 18 physicians who are, it was emphasized, to "work as a team."

Subscribers, who need not be union members but must be in employed groups, will pay dues of $8 monthly for single persons; $18.80 for a couple and $20.60 for a family, with no salary differential. Enrollment is scheduled to begin this fall.

Rogers Joins MacArthur Company As Executive V-P

Denzel B. Rogers, president of Homeowners Mutual, has joined the MacArthur group as executive vice-president of Southeast Title & Insurance of Lake Park, Fla. The company was known as Southeastern Surety before being acquired by John D. MacArthur early last year.

Rate Boost Denied N. Y. C. Blue Cross; Can Reapply For Less

Superintendent Thacher of New York has denied the applications of Associated Hospital Service of New York (Blue Cross) for subscriber rate increases on its 21-day and 120-day hospitalization plans averaging 37.3%, and for an accompanying new cost-based formula for Blue Cross reimbursement of hospitals.

The denial, the superintendent said, was based largely on the unacceptability of certain elements of the proposed reimbursement formula and the Blue Cross projection of increased hospital costs in the next three years. The superintendent found that "a substantial increase in AHS subscriber rates is warranted, though not of the size sought by AHS, and a proposal will be promptly considered by this department after an acceptable reimbursement formula is submitted."

The rate application provided for the cost of broadened benefits under the 21-day and 120-day plans (described as "welcome" in the department opinion), and sought approval of a separate 120-day care plan with a $50 or $100 deductible.

Hear Case For Ga. Fire Rate Hike, Recess Hearing

Georgia fire rates would average 8.6% below those of 1948 even after approval of the 7.7% increase requeste R. P. Harris, manager of Georgia Inspection & Rating Bureau, stated at a public hearing held by the insurance department in Atlanta. Extended coverage rates would be reduced to 39.7% below the 1948 average, if the proposed rate adjustments were approved.

The requested 7.7% increase in fire rates would raise premiums $2,632,697 annually. The 3.3% EC reduction would lower premiums by $261,582 a year.

The filing would result in an over-all increase of 7.6% in fire rates for urban dwellings; no change in homeowners; a 15% rise on farm properties, and a 14% rise on brick and frame mercantiles, with a 13.6% increase on contents thereof.

After presentation of bureau statements, Commissioner Cravey recessed the hearing until Aug. 23.

Two IM Interpretations

Under a bailees' customers policy, insured's furniture and fixtures, machinery and tools, and improvements and betterments are not considered inland marine, the committee on interpretation has ruled.

The committee did conclude, however, that a dump bed attached to a logging truck periodically so as to convert it to use as a dump truck insurable as inland marine.

Brown To La. Post

O. Wharton Brown of Monroe has been appointed secretary of the casualty and surety division of Louisiana Insurance Rating Commission. He was chairman of the division 1942-48. He operates a local agency in Monroe.

Hiss Joins Ashley Adjusters

W. W. Hiss has joined O. V. Ashley Casualty Claim Service of Norman, Okla., as a partner, and the new title is Ashley-Hiss Adjusters.

Mr. Ashley has a background with Sheffer-Cunningham-Ashley at Wichita, as an independent at Shawnee, Okla., and as casualty supervisor with Western Adjustment at Chicago.

Mr. Hiss was with Sheffer-Cunningham-Ashley before going with Western Adjustment in Kansas and Missouri, and most recently has been Western's regional casualty manager at Kansas City.

Harleysville Mutual To Enter Life Field

Harleysville Mutual group plans to enter life insurance, President Arthur A. Alderfer reports in announcing a building expansion program. The group's business has quadrupled in the past 10 years and reached a new high at June 30 after a 9% increase in the first half.

Harleysville Mutual Casualty's written premiums increased $1,061,156 in the first six months, to $10,895,074. Policyholders surplus rose by $53,129 to $7,709,202. Assets increased $1,355,043 to $33,424,621, a new high. The underwriting loss was $147,274, compared with a gain in the first half a year ago of $200,148. Automobile liability was the big loser, producing an underwriting loss of $458,900. Other lines showed a favorable trend. Net investment income was $422,448, compared with $342,072.

Harleysville Mutual premiums rose 118,752 to $3,196,794, and on this volume the company made an underwriting profit of $74,103, compared with $101,210. Net investment income was $132,896, compared with $104,013. Policyholders surplus rose $149,229 to $4,531,268. Assets went to $9,148,474, a rise of $466,196.

Property fire and allied premiums showed an increase of 58% and casua lines other than automobile an increase of 30%.

Gains For Cincinnati

Gross premiums written in the first half of 1960 by Cincinnati Ins. increased 25% to $2,372,011 over the comparable period of 1959. The unearned premium reserve was up $313,836, and surplus to policyholders gained $62,743 to $1,202,244.

Pa. Hospital Study

Commissioner Smith of Pennsylvania, who is chairman of Gov. Lawrence's hospital study commission, is working with the commission's counsel, Edward L. Springer of Pittsburgh, former general counsel of the insurance department, to clear up the legal problems connected with the survey of hospitals and hospital costs that is being launched this fall. Mr. Smith also has retained Paul S. Lunt of Oxford, Pa., a specialist in depth analysis and depth studies, who will interview hospital trustees, doctors, hospital administra-

tors, labor leaders and other representatives of the public interested in voluntary hospitals.

The study commission is composed of 44 persons from over the state representing all aspects of public opinion on hospital matters.

American Raises Kurz, Tribble At Dallas

American has promoted George H. Tribble to administrative assistant and Daniel H. Kurz to casualty manager at Dallas.

Mr. Tribble joined the group as an underwriter at Dallas in 1940 and was advanced to supervisor in 1953 and to casualty manager in 1957. Mr. Kurz went with the company in 1948 and subsequently was an underwriter at Detroit and St. Louis. He was named supervisor at Dallas in 1956.

Mutual Auto Rate, Rule Changes In Four States

Mutual Bureau has increased private passenger rates 4.7% in Delaware, 12.4% in Maine, and 15% in Vermont. In the same three states, respectively, commercial car rates have been increased 8.9%, reduced 6.6%, and left changed. Commercial car rates are up 23.4% in Nebraska.

Division one garage risks have been reduced 9.9% in Delaware, and increased 16.5% in Maine, 16.9% in Nebraska, and 5.6% in Vermont.

In Delaware, Maine and Vermont, revised rules and rates for family protection against uninsured motorists involve statewide rates in lieu of territorial rates, a per registered automobile rating basis instead of the named individual basis, and a general reduction in rates. All changes in the four states were effective Aug. 10.

Fallon In Production Post At American Home Agency

John F. Fallon has joined American Home Agency in New York in a production capacity. The firm is general agent of American Home and other insurers.

In the business since 1952, Mr. Fallon began his career in the Brooklyn offices of Loyalty group and subsequently was with Standard Accident at Hempstead, N. Y. For the past six years he has been in the general agency business in New York.

In Ala. For Dixie Auto

Dixie Auto has appointed Gordon Sims state manager in Alabama. He was formerly agent and superintendent of Independent Life & Accident. Since 1954 he has been with the board of education at Dadeville, Ala., as teacher and coach.

Slate Kentucky Insurance School

An all-industry school will be held for people entering the insurance business Sept. 12-16 at Murray State College, Ky. The school will be sponsored by the Kentucky stock and mutual agents' associations and other segments of the industry. Upon completion, the state insurance examination will be conducted, and applicants will receive 25 points credit on their grades for attending the school. Another session will be held Oct. 10-14 at Louisville. Information may be obtained by writing the registrar at 465 Starks Building, Louisville 2, Ky.

Zurich has reduced rates for its meritmatic auto policy in Connecticut effective Aug. 1.

Phoenix, Conn., Had Underwriting Gain In First Six Months

Phoenix of Hartford group had an underwriting gain of $36,236 in the first half, compared with a loss of $928,544 a year ago. Premiums were up $25,466, to $45,125,576, while unearned premium reserve was down $870,523.

Losses incurred declined from 55.6% in the first half of 1959 to 51.1% for the same period this year. Loss adjustment expense incurred rose slightly from 6.4% to 6.7%, and expenses incurred to premiums written were reduced from 43.7% to 42.9%.

Investment income was $3,361,671 this year, an increase of $205,631. Surplus declined $1,352,067, compared with a rise of $5,572,819 a year ago.

Aetna Life Group Names 2

Irwin J. Sitkin has been appointed assistant secretary in the accounts department of Aetna Life group, and Hugh R. Blodgett has been named assistant actuary of Aetna Casualty and Standard Fire.

Mr. Sitkin joined the group six years ago and has been superintendent of machine accounting. Mr. Blodgett joined the companies as an actuarial student in 1956 and was named actuarial assistant last year.

Daum To North America In Reinsurance Post

Robert W. Daum Jr. has joined North America in the international and reinsurance department.

Mr. Daum began his career in 1946 with Seaboard agency of Philadelphia where he became assistant manager. In 1953 he joined North British and was in production work until 1955 when he took a leave of absence to serve for two years as president of the Ohio-Cooper agency of Dayton. He then returned to North British as superintendent of production. His most recent assignment was on the executive staff where he was responsible for various administrative functions.

Mr. Daum has been treasurer of the Dayton chapter of CPCU and secretary of the New York chapter. He is an instructor at the school of Insurance Society of New York.

Mutual Companies Set Annual For Seattle, Sept. 11-14

The sixties—a decade for action—will be the central theme of National Assn. of Mutual Insurance Companies' 64th annual convention in Seattle, Sept. 11-14.

The three-day meeting will bring together top management from many of the association's 1,300 member companies located throughout the nation to hear reports of NAMIC activities, trends of the insurance industry and a call to action.

Opening the general session will be an address by President C. B. Funderburk, president Cotton States Mutual, Atlanta, to be followed by keynote guest speaker Jesse W. Tapp, chairman of Bank of America, San Francisco. James D. Fletcher, president Northwestern Mutual, is general convention chairman.

Special features of the convention

(CONTINUED ON PAGE 29)

Record Number Take CPCU Examinations; More Than 280 Qualify For Designation

The board of trustees of American Institute has elected Hubert W. Yount, executive vice-president Liberty Mutual, as president. He succeeds Kenneth B. Hatch, president Reliance. All other officers were reelected. The board also elected James M. Battle, vice-president Northwestern Mutual, a trustee.

The 297 who completed the examination compare with 303 last year. However, the number taking examinations set a new record of 2,641.

Fulfilled Experience Requirement

More than 280 of this year's examination completers have fulfilled the insurance experience requirement for the designation, and several others may do so within a few days. Nine persons who completed examinations in a prior year fulfilled the experience requirement this year. Therefore, almost 300 will be eligible to receive the designation in Detroit Sept. 15 when the national conferment will take place at an all-industry luncheon sponsored by Michigan CPCU chapter. The conferment will be one session of the annual meeting of Society of CPCU. Later, regional presentation meetings will be held under sponsorship of CPCU chapters.

The persons who completed the examinations this year are shown herewith. Addresses are mailing, not necessarily business:

ALABAMA: Elmore, Roy Guy, National Union, Birmingham; Lackmond, Richard W., Molton, Allen & Williams, Birmingham; Ladd, G. Russell III, Thames & Batre', Mobile; Murphy, James H., Seibels, Bruce & Co., Birmingham; Rudulph, John B., Leedy companies, Birmingham.

ARIZONA: Buckles, Miss M. Genevieve, Marsh & McLennan, Phoenix; Hance, Richard M., Valley National Co., Phoenix; Latimer, Mrs. Dee T., Valley National Co., Phoenix; Rowe, Joseph D., Valley National Co., Phoenix; Solot, Morton A., agent, Tucson; Summers, Raymond W., Tucson Realty & Trust Co., Tucson; Van Leer, Paul, agent, Phoenix.

ARKANSAS: Manning, Van E. Jr., Bird, Lange & Maris, Little Rock; Spharler, Donald L., McNew Agency, Pine Bluff.

CALIFORNIA: Aparton, Jerome, Chubb & Son, Los Altos; Baldwin, Roger J., Roger Baldwin Ins. Assn., Glendale; Blake, Charles B., Industrial Indemnity, Los Angeles; Chapin, Donald W., Allstate, Sunnyvale; Cobbe, Alan B., Fireman's Fund, San Diego; Denman, Roy, Industrial Indemnity, San Jose; Ellsworth, Warren A., Travelers, San Diego; Emerson, John N., Hartford Accident, Los Angeles; Fulton, Theodore Cuyler Jr., Walter Federman & Co., Gardena; Gillette, Frederick B., Henry J. Kaiser Co., Concord; Gregerson, Richard E., Ray Rosendahl Co., Palo Alto; LaHusen, Gene L., Olympic Agency, Palos Verdes Estates; MacKenzie, George E., Northwestern Mutual, Anaheim; Marshall, Edwin L., Johnson & Higgins, San Francisco; Miyoi, Clifford J., Fidelity & Casualty, Los Angeles; Mullarkey, Patrick V., Fireman's Fund, Van Nuys; Pryor, John Graham, Pryor Agency, Bakersfield; Rathbone, Ludlow Hall, Royal-Globe, Manhattan Beach; Rosemark, Edward M., agent, Los Angeles; Roulette, Harold C., Mid-Century Ins. Co., Gardena; Suter, William H., Liberty Mutual, Los Angeles; Warner, Frank Edward, Marsh & McLennan-Cosgrove & Co., Sun Valley; Warren, David, Kaiser Aluminum & Chemical Corp., Orinda; Weinrot, Edwin Y., agent, Los Angeles; Weiskopf, LeRoy A., William Wilson Co., Pasadena.

COLORADO: Dennison, Hugh A., Mountain States Inspection Bureau, Denver; Westin, Robert L., Home, Denver.

CONNECTICUT: Barry, Frank W. Jr., Aetna Casualty, West Hartford; Davis, Donald B., Middlesex Mutual, Farmington; Gannon, Robert J., Merchants Mutual, Wallingford; Gernert, Archibald C., Lethbridge-Owens & Phillips, Darien; Kebabian, George A., agent, New Haven; Sanderson, Earl Herbert Jr., Phoenix of Hartford, Hartford; Sheehan, Edward P., Camden Fire, Hartford; Thompson, Derwent, Nationwide Mutual, Stratford; Word, Edward C., Aetna Casualty, Milford.

DISTRICT OF COLUMBIA: Dunnavent, J. Randolph, Victor O. Schinnerer Agency; Hendrickson, Bartlett R., Government Employees; Kiorpes, Alexander A., Government Employees; McHenry, William G., Ellett & Short, Inc.

FLORIDA: Brewster, William Jr., Florida State University, Tallahassee; Chalmers, Robert M., Fort Lauderdale Agency, Fort Lauderdale; Haynes, Caldwell Jr., agent, Jacksonville; Holladay, Thomas D. Jr., Alexander & Alexander, Inc., Miami.

GEORGIA: Addicks, Raymond C. Jr., Kemper group, Smyrna; Berg, Norbert H., Employers Mutuals of Wausau, Decatur; Brown, Joseph E., Associated Mutuals, Atlanta; Carleton, Theodore Kenneth, Royal-Globe, Atlanta; Jinks, John G. Jr., Southern General, East Point; Larson, John K., Federated Mutual, Atlanta.

HAWAII: Kumasaki, Joseph Y., Charles Gordon, Ltd., Honolulu; Savio, Rudolph B., Home of Hawaii, Honolulu.

ILLINOIS: Armstrong, George R., Continental Casualty Co., Chicago; Bolger, Brendan T., Park Ridge; Calhoun, Ellsworth L., Continental Casualty Co., Boulder Hill, Aurora; Cory, Daniel L., broker, Chicago; Curran, John E., American, Aledo; Dann, Donald R., agent, Chicago; Eibling, Charles I., American Surety Co., Chicago Heights; Ellis, Miss Patricia A., Marsh & McLennan, Chicago; Evans, Nathaniel R., Aetna Casualty, Springfield; Hoefle, Wilson Oscar, American Mutual Liability, Belleville; Huff, Walter A., Kemper, Chicago; Kraft, W. T., Federal Mutual, Decatur; Milota, Leo C., Crum & Forster, Freeport; Nish, Donald L., agent, Elgin; Schlink, Roger F., Great Central, Peoria; Schroeder, Kenneth L., State Farm F.&C., Bloomington; Stephens, Gerald D., agent, Peoria; Thackaberry, Joe J., America Fore Loyalty, Chicago; Thompson, George Allen, U.S.F.&G., Dixon; Ward, Robert D., agent, Mt. Vernon; Zeller, Miss Helen J., Kemper, Chicago.

INDIANA: Adams, Donald J., Grain Dealers Mutual, Elkhart; Conley, Richard T., agent, Terre Haute; Howard, Charles B., agent, Noblesville; Retz, Harry G., agent, Muncie; Stoffel, Mrs. Janet Van Meter, Liberty Mutual, Indianapolis.

IOWA: Crawford, Riley N., Iowa National Mutual, Alburnett; Flaherty, Miss Catherine L., Secretary, Burkhalter Agency, Cedar Rapids.

KANSAS: Lawrence, Robert E., Fred W. Little Agency, Wichita; Riley, Francis K., United Adjustment & Inspection Co., Kansas City.

KENTUCKY: Moore, Charles M., agent, Bowling Green.

MARYLAND: Bond, Harry I. Jr., Govern-

(CONTINUED ON PAGE 22)

Southern Cal. Forest Fire Loss At $400,000

Forest fires in the San Gabriel Mountains near Los Angeles in July caused an estimated $400,000 of insured loss, according to General Adjustment Bureau.

Destroyed were 29 dwellings and 90,000 acres of watershed. Destruction of the latter poses a serious flood threat during this coming fall and winter.

Awarded Hartford Fire Full Tuition Scholarship

Hartford Fire group's scholarship at Trinity College has been awarded to Kirk T. Foley of Simsbury, Mass. The scholarship begins with the 1960-61 academic year. He is the fourth recipient of the full tuition scholarship, which was established by the group in 1957.

The recipients are given the opportunity of working at regular salary for the group during vacations and summer recesses. Mr. Foley is currently in the company's burglary department at the home office.

He plans to study economics.

R. I. Agent Had Profit Of 3.36%, Study Shows

The average agency in Rhode Island has a net annual profit of 3.36%, according to the cost survey of National Assn. of Insurance Agents conducted in cooperation with the Rhode Island association. The average volume per agency of agencies surveyed was $70,000 in 1958. Almost 3% of the total volume in the state is brokerage written by agents, which accounts for the net commission of 18.75% in relation to premiums written.

Mutual Bureau Increases M&C, OL&T Rates In Wis.

Mutual Bureau has increased M&C BI rates 22.2% in Wisconsin and revised the PDL rates as part of a countrywide revision involving an increase of 8.9%. OL&T BI rates have been raised 24.7% on area and frontage classifications, and storekeepers liability rates have been revised to maintain the relation with the combined BI and PDL rates for the corresponding OL&T and tenants classifications. Changes are effective Aug. 10.

Van Etten, Goebel Named To Ill., Michigan Fields

Atlantic Mutual has named Curtiss C. Van Etten special agent for central Illinois at Springfield. He was formerly special agent of Grain Dealers Mutual in Illinois.

Robert A. Goebel has been appointed special agent at Detroit.

Gunther On Dameron Staff

William Gunther has joined the staff of L. C. Dameron & Co., New York adjusting firm. Mr. Gunter has been in the independent adjusting field for many years in the metropolitan New York area.

Good Half For National Indemnity

An underwriting profit of slightly more than 5% was earned by National Indemnity in the first half of 1960. An investment gain of $100,000 was also recorded. Net premium writings amounted to $4,299,214. The combined loss and expense ratio was 94.7%.

AIU Raises Smith To V-P In Bonds

Charles R. Smith has been elected a vice-president of American International Underwriters. He will head the fidelity and surety department succeeding H. Marshall Frost who resigned to join Seaboard Surety as vice-president.

Charles R. Smith

Mr. Smith entered the surety field in 1939 as a special agent of National Surety. He advanced to branch manager before joining Continental Casualty in 1950 as resident vice-president in charge of the Pacific Coast department. He went with AIU in 1953 as assistant manager of the bond department.

Va. Agents Vote On Mutuals

Virginia Assn. of Insurance Agents on a recent ballot turned down the idea of accepting agents as members who represent mutual insurers. However, the agents also voted to call a special convention Sept. 12 to consider the subject again. Earlier in the year at a special convention the association voted no to the proposal.

Casualty Underwriters Gains

Casualty Underwriters of St. Paul reported an operating gain of $193,859 in the first six months of this year. This compares with a gain of $33,710 the same period last year. Loss ratio during the half was 52.87 compared with 60 last year.

Five agents who debated the pros and cons of economy auto plans which include continous policies and direct billing at a luncheon meeting of Birmingham Assn. of Insurance Agents — seated David W. Hamilton and R. W. Lackmond; standing, Joe B. Chapman, G. William Blair, and Wallace Cohen.

Hospital Benefits Rising As Patients' Direct Payments Show Steady Decline

While the cost of hospital care has risen steadily in recent years, a decreasing share of the cost has been borne directly by patients and an increasing portion has been paid by hospital insurance benefits, according to a Health Insurance Institute analysis of data from the U.S. Department of Health, Education & Welfare. At the same time, expenses for operating and administering insurance mechanisms have been reduced in relation to all expenditures for hospital services.

The analysis shows that in 1955, out-of-pocket payments by patients accounted for 47.6% of the $3.9 billion general hospital bill, while hospital insurance benefits paid 43.6% and expenses for hospitalization coverage provided by insurance companies and all service-type and independent plans were 8.8%. In 1955, 107 million people had hospital expense coverage.

By 1958, when 123 million people were covered against hospital costs, direct payments by patients had decreased to 42.5% of the $5.1 billion spent for hospital services, according to HEW figures. Hospital insurance benefits had climbed to nearly $2.6 billion, representing more than half of the total charges incurred by all patients, insured and non-insured.

Expenses for hospital insurance in 1958 had dropped to 6.7% of total costs.

A further marked change in the payment pattern for hospital services is indicated for 1960. The institute estimates that hospitalization benefits will increase to $3.3 billion, covering 55% of the nation's expected $6 billion general hospital bill, while the proportionate share of direct payments will decrease again to 38.7%.

Expenses Down To 6.3%

Expenses for hospital insurance, which include reserves for future claims, taxes and all other costs of operating the insurance mechanisms, will be reduced further in 1960 to an estimated 6.3% of outlay.

In terms of per capita spending for hospitalization coverage, it will cost the estimated 130 million people with hospital expense coverage less than $3 each to operate the insurance mechanisms during the full year of 1960.

Consequently, while premium costs in some areas may continue to rise in order to keep pace with hospital charges, increased coverage and benefits and greater efficiency of operation in the insurance mechanisms will help to retard the upward movement in the cost of hospital care.

Offers Medical For AR With Double Indemnity Feature

A medical pay policy for assigned and surcharge risks drivers and families, which has a double indemnity feature has been introduced by Beneficial Standard Life. The coverage carries blanket medical expense benefits of $500 minimum and $2,500 maximum for costs of doctors, nursing, surgical, hospital, ambulance, and X-ray services. Accidental death benefits go as high as $10,000. Benefits are paid in addition to any other coverage.

Double indemnity is provided, without corresponding increase in premiums, on week-ends and holidays, when, according to statistics, the travel accident ratio is 40% higher. Travel, auto, pedestrian and boating accidents are also covered. The policy may be obtained on a 24-hour, all-accident, non-occupational basis by individuals and families.

1959 Auto BI Premiums In Colo. Were $14.1 Million

Total automobile bodily injury liability premiums written in 1959 in Colorado were $14,160,229, according to figures worked up for assessment and membership fees of members of Colorado Automobile Assigned Risk Plan.

The largest writers of auto BI in Colorado last year were State Farm Mutual Auto, Farmers Exchange and Allstate.

R. G. Shurtleff is manager of the Colorado assigned risk plan.

Syracuse Blue Cross Wins 35% Rate Boost

Group Hospital Service of Syracuse (Blue Cross) has been granted a 35% rate increase. The department also permitted the plan to set up a new $50 deductible contract as an alternative for those subscribers who can not afford the higher rates. The boost is the second in a little more than a year.

Under increased rates, family coverage under a standard group plan will cost $9.42 a month, up 35%, while single persons will pay $4.64, an increase of 36%.

American Fills Posts In Controller Unit

American has made five promotions in the controller department. Named superintendents are Charles E. Reller in field accounting and Robert C. Schultz in general accounting.

Assistant superintendents named are John W. Behnken in the tax division, Frederick J. Frerichs in the treasurer division, and Ernest W. Neubig in the accounting division.

Mr. Reller joined American in 1948 and was named staff supervisor in 1955. Mr. Schultz joined the company in 1936 and was later transferred to accounting. He was promoted to assistant superintendent in 1957.

Mr. Behnken was with Froggatt & Co. for six years before joining American in 1947. Mr. Frerichs went with American's accounting division in 1947 and was named supervisor in 1951. Mr. Neubig joined American in 1947 and was named supervisor in the accounting division in 1957.

CPCU Institute At Houston

Houston chapter of CPCU will hold a casualty and property institute Aug. 26-27 on the campus of the University of Houston.

Panel discussions and talks will cover insurance sales, changes in techniques, automobile insurance and workmen's compensation coverages.

Agricultural Raises Haley In N. Y. Field

Agricultural has advanced Patrick W. Haley from state agent at Syracuse to production manager for central and west New York. Richard G. Algie, who has assisted Mr. Haley for several years, will assume charge of the Syracuse field.

Prepare Agenda For Annual Parley Of NAIC Zone 4

DES MOINES—The annual meeting of Zone 4 of National Assn. of Insurance Commissioners will be held in Des Moines Oct. 2-4 with headquarters at Hotel Fort Des Moines. Among the dignitaries invited to address the conference are Iowa Gov. Herschel Loveless and NAIC President Sam N. Beerry of Colorado.

The eight states comprising zone 4 are Illinois, Indiana, Iowa, Michigan, Minnesota, Wisconsin and North and South Dakota. The commissioners and their staffs will meet Oct. 2 in executive session. This will be followed the same afternoon by executive sessions of staff sub-committees. Concurrently, life and fire-casualty industry meetings will be scheduled.

General sessions are scheduled for both morning and afternoon of Oct. 3 and the morning of Oct. 4.

A reception and social hour will take place the evening of Oct. 2. The next day there will be a luncheon as well as a social hour and dinner that evening.

More than 300 are expected to register for the meeting, according to J .D. Kent Jr., assistant to the president of Western Mutual of Des Moines, general chairman.

Claude C. Dupree has retired from Hartford Fire. He has been special agent in Louisiana since he joined the company in 1923. He served as president of Louisiana Rating & Fire Prevention Bureau and Capital Stock Insurance Assn. of Louisiana and as MLG of Louisiana pond of Blue Goose.

Higher Standards For S. C. Insurers Urged

South Carolina has 780 licensed insurers, more than New York and several other larger states, William F. Austin, the new insurance commissioner, told the Optimist Club at Florence. In 1959 the state had 37,000 agents licensed. Both the number of companies and the number of agents are "out of reason," he said.

He said that if the legislature will tighten up its admission laws, the insurance commission can do a good job of protecting policyholders. In the meantime, he indicated, the commission is going to do what it can. It will expect the company to prove a stable operating history over a period of years; to show that it has operated successfully in another state for three years; and to enter South Carolina from an adjoining state, not from a thousand miles away.

He said one company licensed in Oregon which could not operate there entered South Carolina "to do its business." It got the South Carolina license without trouble. His state, he said, has the reputation for being one of the easiest in the country to enter. Companies have operated in the state without enough money to pay current claims. In some instances, these companies were paying company executives tremendous salaries.

He indicated that the insurance department will need an adequate budget and staff to police companies properly.

—

The 1959 homeowners program has been approved in **Virginia,** effective Sept. 1.

Tighter License Laws For Non-D. C. Insurers

Superintendent Jordan of District of Columbia has notified non-district insurers that before licensing they must have a record of at least two years of successful operation in the area of their domicile.

Excepted from the ruling are companies which are owned or controlled by an insurer licensed in D.C.; those having surplus or combined capital and surplus of not less than $3 million, and those with an escrow fund of not less than $300,000 in D.C. maintained under conditions approved by the superintendent.

Mr. Jordan has emphasized that his action is not related to the O'Mahoney subcommittee investigation of insurance, nor to the case of International Guaranty and the indictment of Stewart Hopps.

—

Zurich Names Eight In Group Sales Department

Zurich has made several promotions and appointments in the group sales department. David B. Mitchell has been promoted to senior group sales superintendent, Chicago; Herbert C. Strohson Jr. to group sales superintendent, New York, and Lawrence J. O'Donohue to group sales superintendent, Philadelphia. Cornelius T. Lowe has been named to head the new group sales office in Boston, and Ray L. Ziglar, group sales representative, Los Angeles, has been transferred to San Francisco.

Also in Los Angeles, Dennis F. Waterman and Richard B. Bornschein have been appointed group sales representatives, and Edward P. Robison group service representative.

Mr. Mitchell has been in group sales with Zurich since 1938. Mr. Strohson joined Zurich in 1956 in New York and in 1959 was appointed group district manager there. Mr. O'Donohue was with Utica Mutual, Phoenix of London and the Auto Club Service before he joined Zurich in 1950.

Mr. Lowe, before joining Zurich in January, was with Sun Life of Canada. He will be in charge of developing all forms of group life and A&S. Mr. Ziglar joined Zurich in 1951 and became group sales representative in 1959. Mr. Waterman has been an underwriter and group service representative since joining Zurich in 1957, and Mr. Bornschein and Mr. Robison joined the company this year.

—

Wyo. BI Premiums Noted

Members of Wyoming Automobile Assigned Risk Plan, of which R. G. Shurtleff is manager, have received the 1960 notice of assessment and membership fee. The bulletin indicates that in 1959 BI premiums in Wyoming totaled $2,568,267, the leading writers being State Farm Mutual Auto, Wyoming Farm Bureau Mutual and Hawkeye-Security.

Insurers Win $200,000 Case When Insured Is Convicted Of Arson

Denver newspapers on Nov. 23, 1957, headlined the story of a "mystery blast" which demolished the plant of the Big Chief-Dr. Pepper Bottling Co. Cause of the fire, which started about 8 p.m. the previous night, "was not immediately determined," but before 24 hours had passed an official of the Denver fire department stated: "The fire was definitely set by an arsonist." The Denver Fire Prevention Bureau conducted an investigation for two weeks and the Denver office of General Adjustment Bureau, under W. C. Bullard, entered the case on behalf of seven insurance companies which had fire policies on the bottling company for approximately $200,000.

On an adjoining roof some 50 feet from the blazing soft drink plant, firemen had found an injured 30-year-old man, Joseph Lucero. He told officers he was outside the plant shortly before the blast and saw "two or three boys run from the building." He claimed the explosion blew him to the roof.

Gasoline Rags Found

Investigators found inside the burned plant five gallon jugs of unignited gasoline placed about the floor and remnants of rag "leaders" connecting piles of papers with the gas tanks of two trucks.

On Dec. 5, 1957, the district attorney filed charges of arson and conspiracy to defraud insurance companies against the owner of the bottling company, Miguel Mendelsohn. Named a codefendant was Lucero, an ex-convict who had been employed by Mendelsohn in the bottling firm.

The district attorney revealed that Lucero had confessed setting the fire. Lucero claimed he did it on the offer of $1,000 by Mendelsohn. Lucero said Mendelsohn actually laid out all the gasoline jugs, oil-soaked rags, papers and open-tank trucks. Lucero pleaded guilty and turned state's evidence. Mendelsohn demanded a jury trial and it was set for Dec. 10, 1958.

But on Dec. 1, 1958—just nine days before trial—Mendelsohn filed a civil suit in Denver district court demanding that the insurers pay on their policies. The suit was against Ohio Casualty, Safeguard, Superior of Dallas, New York Fire, Employers Fire, Monarch and Gulf of Dallas. It was alleged that Mendelsohn had suffered a loss from destruction of his insured building as the result of "a fire" and that the defendant companies had contracted to indemnify him against "any loss suffered by reason of fire."

He claimed the companies had "failed, refused and neglected" to pay the losses "for which they are liable."

The criminal trial began Dec. 10, 1958, and continued for two weeks. Lucero, the star witness for the prosecution, maintained his story implicating Mendelsohn and was not shaken under severe cross-examination. Mendelsohn categorically denied every statement by Lucero connecting him to the crime.

Women Testify

The prosecution called two female witnesses—one Lucero's wife—who testified that immediately after the fire Mendelsohn had told them "to stick to the same story" if questioned by officers. The "story" was one that would not have involved Mendelsohn.

On Dec. 24, 1958, after only 95 minutes of deliberation, the jury returned guilty verdicts on all counts. Mendelsohn was sentenced to the state penitentiary in Canon City, Colo., for up to 10 years. An appeal was immediately lodged in the Colorado supreme court and Mendelsohn was allowed to remain free on posting a $7,500 bail bond.

Litigation over the appeal dragged the case into 1960.

Meanwhile, William K. Ris, Denver attorney representing the seven insurers, filed an answer in district court denying liability and accusing Mendelsohn of "increasing the hazard" by committing arson.

Mr. Ris pointed out that each of the fire policies contained a condition suspending coverage if the insured increased the hazard "by any means within his control or knowledge." It was alleged that Mendelsohn increased the hazard by procuring Lucero "to place within the building highly flammable and combustible products in open containers and upon the floor thereof." Any damage suffered by Mendelsohn was the result of his own wilful and wrongful act, the companies replied. They also charged the executive with attempting to defraud them.

Trial on the suit was set for Sept. 12, 1960. On July 5 the Colorado supreme court affirmed the arson conviction of Mendelsohn. Then it was discovered that Mendelsohn had quietly disposed of his assets, jumped bail and had fled to Sao Paulo, Brazil. It was reported Mendelsohn was living there under the name of Mendes, had "an elegant suburban home" and worked as a store manager in the commercial district.

Mr. Ris served notice on Mendelsohn's attorney to have the executive appear July 29 to give his deposition, according to the Colorado rules of civil procedure. If Mendelsohn didn't appear, Ris said, the court would be requested to dismiss the suit against the insurers.

The day before the deadline Mendelsohn's lawyer agreed to sign a stipulation dropping the case. The lawyer said it would be "difficult" to prove his case without the plaintiff present.

Conventions

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.

August. 25-27, Louisiana Mutual Agents, annual, Capitol House, Baton Rouge.

August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.

August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.

Sept. 7-9, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-14, South Carolina agents, annual, Poinsett Hotel, Greenville.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.

Sept. 25-27, Indiana Mutual Agents, annual, Hotel Van Orman, Fort Wayne.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-4, Zone IV National Commissioners, Fort Des Moines Hotel, Des Moines, Iowa.

Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual, The Greenbrier, White Sulphur Springs, W. Va.

Oct. 6-8, California Assn. of Independent Insurance Adjusters, annual, Ambassador Hotel, Los Angeles.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 14-15, North Dakota Agents, annual, Grand Pacific Hotel, Bismarck.

Oct. 16-18, Arizona Agents, annual, Pioneer Hotel, Tucson.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.

Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 24-26, Assn. of Mutual Insurance Engineers, regional meeting, Sheraton Dallas, Hotel, Dallas.

Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.

Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.

Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn. Topeka.

Oct 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.

Oct. 30-Nov. 1, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.

Pinpointing All Lines Customer Is Not Simple; Agent Must Unearth Him

By JOHN N. COSGROVE

In projecting plans for all lines selling, some insurers have possibly visualized an ideal client for a complete program, including auto, homeowners, life and A&S. This ideal client, however, may be more of a stereotype than an actuality.

This individual, for example, might enjoy an upper economic status, and still not be a desirable all lines risk. If he has a palatial and well furnished home, he may be an ideal homeowners prospect. However, a person in these circumstances may be the very one who has several cars, with teen age drivers, or a son and daughter away at college with a car. Obviously, a person in these circumstances may be well along in his forties—an age at which life sales may be somewhat circumscribed by an already existing program and ample group coverages. Even assuming the prospect's willingness to buy more life coverage, there is the question of qualifying medically without being rated up.

Supporting Business

Part of the philosophy of program selling—as well as of company underwriting of an agency's entire business —has been that one weak line can be accepted in view of strong supporting business. Thus, some auto business might be acceptable on those terms. But company acceptance of the life business of a questionable medical risk would involve rating up, regardless of premiums produced by other lines. Thus the economy appeal of an over-all plan is somewhat weakened.

The younger person in slightly less favorable economic circumstances may also be a good homeowners prospect and a worthwhile auto risk, since he has no teen age drivers—yet. But his family situation will change, and the account may develop adverse experience, prompting company withdrawal from the auto line at some juncture. This younger man may be a better prospect for life than the older risk, although it is likely that he too, if he has the most desirable type of homeowners business, is in a job where group life is provided for him. He may also have an individual program.

The most pressing question for the insurer anticipating the sale of all lines under its marketing program is how often all the risk factors will be in a balance which justifies writing all the coverage.

This is a probem which insurers might well ponder before embarking on enthusiastic advertising to the public of the availability of all coverages in a single program. Significantly, several of the leading companies have used national publications to advertise their "complete" programs—with no mention of automobile in the copy.

Implications Of Advertising

The agent might be well advised to follow with intense interest any advertising by his companies of over-all protection programs available through him. If the prospect is attracted by this promise, and fails to meet the underwriting qualifications of one component, the agent is the man on the spot. True, he may be able to meet the client's complete needs by using several of his companies, but that is not what the advertisement said.

Rejection of an individual's business under these circumstances could pose a public relations problem of the first magnitude between the customer and the agent, and the agent and the company.

More important, the question of how many risks are going to measure up to all the standards implicit in an all lines program, leads to speculation about the anticipated maximum savings where all business is centrally handled by one company and budgeted under that company's financing plan. If an agent has to use several companies, the "centralized" argument is somewhat weakened.

There is no doubt that many prospects will qualify for over-all programs through one insurer, and that their business will develop a profit. The important questions, however, are who and where these people are. In practice, insurers must and will seek them out.

Realistic Plan

One company has taken a realistic approach in its over-all marketing program. Rather than putting its product on the market and then deciding what type of customer it would appeal to, the company emulated manufacturers who explore the potential

(CONTINUED ON PAGE 30)

'Protected Renewal' Plan Of United F.&C. Is Approved In Iowa

DES MOINES—The Iowa department has approved an auto insurance "protected renewal" plan for United Fire & Casualty of Cedar Rapids. Commissioner Timmons said he does not feel it creates a non-cancellable or guaranteed renewable policy as generally understood by the insurance public.

Mr. Timmons said the department will not approve any plan which is labeled, advertised or sold as non-cancellable and guaranteed renewable unless the insured has a right to continue the policy by payment of premiums during which time the insurer has no right to make unilaterally any change in any provision of the policy which is in force.

Will Act Swiftly

The commissioner said "we cannot stress too strongly that this department will act swiftly and severely against any company or agent that represents a policy as non-cancellable if, in fact, it does not meet with our definition."

United F.&C. does not describe its policy as non-cancellable or guaranteed renewable. Instead, it is described as a protected renewal plan. It provides auto liability, medical and uninsured motorists for all private passenger and farm pickups with a debit system for chargeable accidents involving payment of $50 or more on liability coverage.

The plan is to provide insurance for the motorist who has an unsatisfactory accident record. The policy is cancellable if insured is convicted of operating a motor vehicle while intoxicated, fails to stop and report an accident, homicide arising out of the operation of a vehicle, driving during a period of suspension, theft of a motor vehicle, making false statements in the application for a drivers license or for careless and reckless driving.

Marsh & McLennan Sets Up Separate Welfare Fund Unit

A new corporation, Blomquist, Reeves & Co., with headquarters in Chicago, has been formed in cooperation with Marsh & McLennan as an administrative and consulting service to the trustees of joint union-employer health, welfare and pension funds. It has taken over the accounts in this field formerly handled by the welfare fund department of Marsh & McLennan, a department which has been discontinued with the advent of the new firm.

Employes of the Marsh & McLennan welfare department have become employes of Blomquist, Reeves & Co. Richard N. Blomquist, president of Blomquist, Reeves, has directed this activity for Marsh & McLennan for six years. Gilbert K. Reeves, vice-president and treasurer, manages the pension, health and welfare funds. He has been with Marsh & McLennan for six years. Prior to that he was with Arthur Andersen & Co., CPAs.

Arbitration Clause Delays UM Endorsement In N. C.

Commissioner Gold has indicated he will approve the uninsured motorist endorsement of North Carolina Automobile Rate Administrative Office if the mandatory arbitration clause can be modified.

The commissioner agreed the UM endorsement is in the public interest but that the mandatory arbitration provision is not. It would be simple, he said, to have the arbitration clause amended to make it clear that either party shall have the right to go into court in lieu of arbitration.

Mr. Gold suggested that the rate office could change the filing to conform to the law, or that the 1961 session of the legislature could be asked to change the law to permit such a provision.

State Farm Leads In N. M.

The 1960 assessment and membership fee bulletin to members of New Mexico Automobile Assigned Risk Plan shows that BI writings in that state for 1959 totaled $7,002,844. The largest writers of BI in New Mexico last year were State Farm Mutual Auto, Farmers Exchange and U.S.F.&G.

R. G. Shurtleff is manager of the New Mexico AR plan.

U.S.F.&G. Advances Bundy

Frank W. Bundy, formerly field superintendent at Atlanta for U.S.F.&G., has been appointed assistant manager there. He joined the Atlanta office as a claim adjuster in 1934 and was later transferred to Chattanooga in the same capacity. He was appointed special agent in 1949, returned to the Atlanta branch, and was promoted to field superintendent in 1954.

Noyes In Mountain Field

Donald H. Noyes, special agent at the Chicago office of American Surety for 5½ years, has been transferred to Denver and will travel the Wyoming, Colorado and New Mexico territory.

Leading Agents Eye Marketing Programs

Leading agents in New Jersey and Indiana have commented on the overall marketing programs of companies in reply to a questionnaire by THE NATIONAL UNDERWRITER.

The New Jersey agent writes:

In the past 25 years there has been a tremendous change in marketing—the distribution of goods and services. Advertising has created a demand for new products that were neither needed nor thought of a few years ago. The luxuries of the rich have become necessities for all but the poverty stricken.

It is natural that the insurance business would be affected by these changes and that insurance company executives would be concerned about creating a demand for their policies, so that they might share in the economic growth brought about by the increase in goods produced and by a constantly increasing population.

I think that our company executives are sincere in their effort, but I'm afraid that some of them panic too easily. I have been an agent more than 40 years. In that time I've witnessed many crises when the most dire predictions were made. However, hard work, loyalty and integrity on the part of both agents and companies, have always resulted in overcoming obstacles, and our business is now in a prosperous and healthy condition.

I don't mean to belittle the vexing problems that persist, nor the inroads made by the direct writers and the price-cutters into the ranks of the bureau companies and their agents. However, I cannot agree that we have to meet every price cut to stay in business. Too often our companies follow rather than lead.

Many Types Of Agents

I am all for accepting new ideas, even if it is difficult to keep up with rapid changes in contracts, in coverages added one day and withdrawn the next, and in rates which do not always make sense. I am willing to study more and work harder, but I do not think that as a result I should have to take less reward for my labors.

"Insurance agent" is an all inclusive term. It includes the policy peddler, the political parasite, the nephew of the chairman of the board, the president's son-in-law, the real estate promoter, accountants, and attorneys apparently unable to make a living without collecting commissions on their clients' insurance premiums. However, also included are a large number of reliable career men who have devoted their business lives to providing proper insurance coverage for their clients, in good companies, at a reasonable cost which includes the highly specialized service accompanying the contracts they sell.

Some of these career agents were engaged in multiple line underwriting before a few of our top company executives got out of school. Most of them maintain offices in strategic locations, pay rent, hire help, engage in community activities and perform many valuable services which the company cannot possible discharge. These career agents are members of their local, state and national associations and take an active part in the work which these organizations are doing for the benefit of the public and the industry.

For the most part, these career agents have had no voice in the marketing plans proposed by the companies. Any research which ignores their knowledge of what the public wants and how to get the public to accept our product is incomplete. Any marketing system adopted on such limited research will ultimately require expensive and painful revision.

Values Endure

In adopting new marketing plans, let us not make the mistake of thinking that because it's new it must be good, and discard everything old. There is still something to be said for principles which never get out-of-date. What about the loyalty of both company and agent developed over many years of representation? Most of the companies in my office have been there for 25 years or more. I have been associated with one of my companies for almost 42 years.

In days gone by, I knew quite intimately many of the top company executives. We knew and trusted each other. The old special agents who held their jobs for years instead of months were personal friends and advisors.

I'm not crying for a return to the so-called "good old days." Now all I know is "what I read in the papers." When my companies adopt a rule or make an important decision, I get a notice in the mail. I'm supposed to accept it without question and interpret it to my customers even if it doesn't make sense. How long will loyalty persist if practiced by only one of the partners?

Asks Some Questions

Do I have to take direct billing and six month policies because someone has decided that they are inevitable? Do I have to make a special deal with one of my companies to get my rightful commissions? Do I have to become a captive agent to stay in business? I don't believe it.

Next year I'll be eligible for social security, but just for spite I'm going to stay in insurance. It's a grand business, and I have an idea I can continue to make a living selling quality insurance at bureau rates, by including the services of my office and my associates, thus making it a bargain for the purchaser.

An Indiana agent writes:

We do not believe we will ever use one company's marketing program. We represent eight companies and find this to be advantageous, since, in some cases, one company writes a broader coverage than another on particular lines.

Switching Dangerous

We have been in business 25 years and have many insured who have been placed in one company for several years. They are happy with the claim service and coverages of the company, and we feel we would meet with objections from our policyholders if we started shifting their business to another company. On automobile policyholders, particularly those over 60 years old, we dare not shift because of the age factor. We would lose the good experience we have had with the present company.

We do not intend to use the economy auto plan which entails direct billing to the insured. We feel this plan would cause us to lose our identity as an independent agency, and for the same reason we hesitate to take part in the "company share the expense" advertising program now offered by some companies.

Approximately 75% of our agency's volume is on personal lines. With the five year annual payment plan on fire and marine policies and the six month plan on auto premiums, we seldom have to use a budget or finance plan. However, when we need to budget a commercial premium, we have used the Afco plan and have found that it meets with little objection from insured, as the cost is nominal.

We are located in a small town of 5,000 population, and just about all our business is obtained in the county which has a population of 16,000.

Royal-Globe Names Nilsson Comptroller

Finn D. Nilsson has been appointed comptroller of Royal-Globe to succeed T. Corwin Steele, resigned.

Mr. Nilsson joined the group in 1947 as an accountant. He was named chief accountant in 1953 and assistant comptroller in 1957. He is treasurer of Society of Insurance Accountants.

Boston Raises Davidson

Boston has appointed Theodore A. Davidson chief accountant. He joined the company in 1954 as a senior accountant.

Specialists Study Effects Of "All Lines" On Life, Fire And Casualty

All Lines Insurance is the title of a 200-page book which discusses thoroughly and with considerable perspicacity the effects upon every phase of activity in the insurance business of the all lines idea. The book, published for the S. S. Huebner Foundation for Insurance Education at the University of Pennsylvania, contains lectures sponsored by the foundation at the university during 1959 and delivered by men closely identified with areas of the business which they discuss.

Dan M. McGill, executive director of the foundation, has edited the volume, which is published by Richard D. Irwin, Inc., Homewood, Ill., at $5.50.

In assessing the influences which the pattern of "all lines" is exerting on the life, fire and casualty business and its regulation, the lecturers not only analyze and evaluate the current situation and significant developments of the past in their special areas but, as is natural, peer closely into the future.

For example, Milton W. Mays, vice-president of America Fore Loyalty, who closed out the lectures with an over-all summary, notes that the all lines approach will permit wider and more effective application of a basic insurance concept, namely, diversification of risks. This will be a stabilizing factor in underwriting and investments.

All lines underwriting also should provide the base for a wider spread of expenses, the savings from which should flow to the public. Control and reduction of expenses perhaps will be a major consideration in all lines insurance, he states. "Both the life companies and the fire and casualty companies should benefit from access and exposure to new sales forces, new markets, and new selling techniques," he adds.

However, short range, Mr. Mays notes that 63% of the life business being transacted by mutual companies may limit participation of life companies in the all lines development since a mutual company's purchasing power is limited to the amount of free surplus at its disposal.

He observes also that fire and casualty stocks have been depressed while life stocks have been selling at the top of the market. There is some evidence that the yield of shares of fire-casualty and life companies might reach a reasonable parity in the forseeable future, at which point an exchange of stock for purposes of corporate combination would be more feasible. Part of this "evidence" consists of the cyclical influence of rate adjustments on fire and casualty, compared with, in the life field, a "giveaway program." Some of the "competitive gimmicks" of the life business remind Mr. Mays strongly of some of the devices tried a few years back by the fire-casualty companies and being paid for to this day.

Trend Is Heartening

The book (as did the lectures) starts off with a discussion of the forces underlying the trend toward all lines insurance by Thomas C. Morrill, vice-president of State Farm Mutual Auto. While "all lines" is a trend and not an accomplished fact, Mr. Morrill finds it heartening that "our business is still capable of producing a development worthy of being called a trend. It is a mark of our capacity to innovate. It proves that we . . . can adapt to the dynamic needs of a dynamic world."

Hugh Harbison, counsel of Travelers, describes the legal environment for all lines insurance. He provides a rich historical background for the movement away from compartmentalization in the business toward a more flexible, all inclusive insurance operation.

H. P. Stellwagen, executive vice-president of Indemnity of North America, in his review of the transition to an all lines operation, observes that "aside from the large professional buyers of insurance, the general public looks on insurance as a single industry." He also points out that if the policyholder cannot afford to parcel out his insurance among friends, and if the agents have been advising clients on all lines and are doing it more and more, insurers will have to consider seriously the transition to all lines operation.

Impact Will Be Sharp

The impacts of all lines on administration and management is contributed by Howard C. Reeder, president of Continental Assurance, who believes this impact will be sharp and several. There will be no facet of operations of life or property companies that will not feel the force of these impacts, he states.

Robert A. Rennie, research vice-president of Nationwide Mutual group, analyzes the actual and potential effects of all lines on product development. He even suggests that ultimately companies which can qualify will be granted full multiple powers, including life.

The throes through which fire and casualty insurers went (and through which some of them still are going) to get into only the one business opposite are related by Dudley M. Pruitt, assistant general manager General Accident, in his interesting chapter on the effect of all lines on losses and expenses. He believes the marketing reasons for the approach to all lines including life is cogent, though he observes that there is not an excess of life company talent so that it will be very expensive for the new all lines company to acquire. He also thinks that electronic equipment has great possibilities for an integrated all lines group.

New Perils

With the development of new perils, such as peaceful uses of atomic energy, and with the great assortment of complex covers in modern times, the need for specialists in underwriting to deal with the peculiar problems of individual covers is emphasized by Gustav F. Michelbacher, retired president of Great American Indemnity. This need will be increased rather than diminished by all lines marketing, Mr. Michelbacher believes.

Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, in discussing the influence of all lines on marketing, suggests that the combination of life and property insurance at the company level results from economic pressures to which other businesses and industries in the U.S. have been responding since World War II. These include the need for a larger base structure and a larger volume of sales to reduce costs relatively; the need to defend themselves against competitors in their own field or from outside by other businesses and industries pursuing the same purchase dollars; the need to grow to prevent attrition, and the desire to increase profits.

Education Is Discussed

H. Paul Abbott, personnel secretary, and Acis Jenkinson 3rd, director of education North America group, collaborated on the discussion of education and training under all lines operation. This is a thorough, detailed, and well documented treatise on the subject.

In discussing regulatory problems, Raymond Harris, who has just retired as deputy superintendent and chief counsel of the New York department, expresses the opinion that "the public presently is benefited from the few package policies on the market by their broadened benefits, lower costs, and the elimination of overlapping coverages. However, insurers have barely scratched the surface in developing such packages. They should be encouraged to improve and expand the area of these products. But what is equally important is that supervisory officials "should guard against an insurer resorting to unfair methods of competition in selling such policies, as, for instance, in pricing the policy in such a manner that it can be used as a 'loss leader.' "

Shelby Cullom Davis, New York insurance stock specialist, shows some

of the effects of all lines on insurer investments. Investment policy was amalgamated under the combined fire-casualty roof, but he suggests that in all lines insurance, investing probably will be kept strictly apart. Life assets should not be subjected to the hazards of property catastrophe, "any more than life insurance reserves should be subjected to the possible wild fluctuations of the common stock market."

Public Hearing On Auto Cancellation Problem

The New York joint legislative committee on insurance rates and regulation, which is investigating the automobile liability insurance cancellation problem, will hold a hearing Sept. 29 in Mineola, L. I., to listen to complaints by members of the public. Sen. William F. Condon is chairman of the committee, which held a hearing earlier in New York City for brokers and other representatives of industry. Later on the committee will hold another session in New York City and may hold one upstate.

Uphold Agents' Award In Breach Of Contract Suit

A $75,000 jury award in a breach of contract damage suit has been upheld by a Wisconsin Rapids circuit court.

The suit involved the establishment of a principle of law of ownership of an insurance agency, built up by an agent at this own expense and efforts, according to Kaftan & Kaftan, Green Bay, Wis., attorneys for the plaintiff agents, Joseph Radtke and Herbert Froelke of Marshfield, Wis. The circuit court jury held that Farmers Mutuals in 1953 had terminated the district supervisorship without good cause and that this constituted a breach of contract.

The current award is the second verdict in Wisconsin against Farmers Mutuals in a series of cases involving former supervisors and agents. The initial decision rendered in Milwaukee circuit court three years ago favored Jack O. A. Nelsen of Wauwatosa, who was awarded $44,000 damages, and that verdict was upheld by the Wisconsin supreme court. Nelsen had operated under a verbal agreement, while Radke-Froelke had a written contract.

Va. Seminars On 1959 HO

Seminars on the 1959 homeowners, which will be introduced in Virginia Sept. 1, will be held by Virginia Assn. of Insurance Agents in cooperation with local boards. The schedule calls for seminars Aug. 10 at Abingdon, Aug. 11 at Danville and Richmond, Aug. 12 at Roanoake, Aug. 16 at Arlington and Winchester, Aug. 17 at Charlottesville, and Aug. 18 at Norfolk.

New AFIA Colombia Office

American Foreign Insurance Assn. has opened a branch at Santa Marta, Columbia, under supervision of its Barranquilla branch. The new branch will be headed by Pedro Vivas Walter who joined AFIA in 1958. He will manage fire, marine, casualty, fidelity and surety operations of Hartford Fire, Home, and Compania de Seguros La Continental.

General Re Raises Gordon

General Re has appointed J. Holland Gordon as assistant treasurer. He has been with the company 31 years and is in charge of the statistical department.

Program Ready For S. C. Convention

The program has been completed for the annual convention of South Carolina Assn. of Insurance Agents at Greenville, Sept. 13-14. A discussion of the state's new uninsured motorists' law will be one feature. This will be handled by a panel consisting of J. W. Hurteau, assistant motor vehicle director; S. L. Gardner, head of the MV department's safety responsibility act division; J. D. Hill, association counsel; and John M. Hunter, chairman of the association's casualty committee. Lloyd E. Greer, manager of the association, will moderate the panel.

Greenville Assn. of Insurance Women will present a skit entitled "Gotcha Covered." Speakers include William E. Booth, vice-president of Cherokee; F. P. McGuire, associate counsel of Connecticut General Life, and William A. Pollard, executive secretary of NAIA.

—

Reserve of Chicago has moved its home office to **209 West Jackson Boulevard.**

Royal-Globe Appoints Burke To Agency Post

Royal-Globe has named Robert C. Burke agency secretary in the southern department at New York.

Mr. Burke joined Royal-Globe in 1947 as an accountant-trainee. In 1949 he was transferred to the personnel department and in 1952 was named superintendent of personnel. For the past year he has been taking part in an intensive general administrative training program in all New York office departments.

Contract Losses High For Bond Insurers

(CONTINUED FROM PAGE 1)

heavy construction and light. Beyond that, the losses are not geographically contained but are spread country over.

Fundamentally, underwriters say, it isn't lack of understanding of the kind of work that is leading contractor after contractor into difficulty because every type of job is reflected in the losses sureties are getting. It is not the intricacy of missile base work or the difficulties of Capehart contracts. It is, simply, that contractors are running out of money before they finish the jobs.

However, it is not so easy to determine specifically why they should be running out of money. Bond underwriters, though they can point to several factors, still find it difficult to understand and even harder to describe the situation clearly. This is, perhaps, because the situation is the result of a complex of elements.

The malaise began to set in during 1958 but did not start showing up pronouncedly in surety offices until September, 1959. As a consequence, 1958 and 1959 were exceptionally fine years for the bond companies. Several factors were responsible for contractor troubles—a fall-off in types of work that generally are bonded; a period of tight money; an increase in the number of contractors; and a rise in the number of employes and in the salaries of employes of contracting firms as well as in other items of overhead. Contractors are confirmed optimists. During the period in which current losses actually were shaping up, the contractors sought more work to hold their organizations together. With tight money and more competition, the prices were figured closely. As contract firms became overextended, they began to use this job to pay for the last one. Many of them had done this before and weathered the situation. But the time came for some when the stretch was too great.

Typical Small Loss

A typical "small" loss, which underwriters say they are running into by the score, is one that showed up last week, from a small eastern town. The contract involved the construction of a public building. At the first sign of difficulty—which often is so late in the sequence of events as to make continuation, even with surety help, impossible—the surety moved in and found the contractor's books out of gear. Further scrutiny showed that he had loaded his early estimates in order to get money which the status of the work did not justify. He had continued to spend money faster than he got the work completed and finally ran out of gas. There was 10 weeks work left, sub contractors were paid and unpaid, there were labor payments due. The first reserving by the surety was approximately $200,000. It may run more.

The trouble in the contract field developed in spite of the alertness of surety underwriters. Of course, not all underwriters even yet are aware of what is happening, it is said. By no means all of the losses are those of marginal contractors—some are regarded as quite good ones. It is observed that with the expansion into multiple lines that occurred in the mid-1950s in some insurers, some underwriters not as seasoned as others were placed in positions of final decision. Thus some of the underwriting has not been as sharp as it might have been. However, losses are occurring for the best underwriters in the business.

The time it has taken for losses to show up in surety ratios is due in part to the character of operation of contractors. There are many things he can do to postpone the evil day (and even avoid it, at times). Sureties may help nurse him along by guaranteeing him to the bank. Some sureties put up loss reserves at this point; others, hoping for salvage from secondary assets such as real estate and other non-liquid items, do not. Thus there is a delay in reflection of loss in the surety's figures.

Underwriters don't believe there is anything happening in the contract field to cure the situation and that the current pace of losses will continue into 1961. A midyear assessment of the construction field by F. W. Dodge Corp. shows that after hitting a two year low in mid-winter the Dodge index rebounded and in June was not far below the highs of 1959 mid-summer. Commercial building contracts were about the same for the first half as for the first galf of 1959, schools were up 12%, and contracts for manufacturing buildings were up 10%. However, total contracts were down 7% in amount, with residential off 14% and heavy engineering contracts off 2% Hospital buildings were down 24%, public buildings down 2%, and religious buildings down 2%. While public works were up 2% and highways 4%, sewage contracts were off 14% and utility contracts 13%.

Bond underwriters believe that the only thing to do is to write bonds more carefully and more alertly, to study all information twice, to check and recheck, to get good reports and if there is the slightest doubt that the report is weak in any part, get another report.

This isn't as easy as it sounds. One underwriter went out to check a job and was satisfied when the architect assured him the job was completed. The underwriter discovered a few months later that, technically, the job had not been completed. Underwriting contracts and contractors isn't quite the same thing as underwriting other lines. The underwriter cannot simply close down or tighten up. It is a fairly small market. If the surety becomes too strict, it loses business, it finds it is dis-attracting rather than attracting good contractors, and it is quite difficult to get back in.

Yet underwriters conclude there is nothing for it but to tighten their belts, sharpen their wits, comb for more and fresher information, and aim to emerge from the current trough able and willing to continue vigorously in a field that has been profitable in the past.

Mutual Bureau Revises Rates In Fla., Mass.

Mutual Bureau has increased BI rates for M&C liability 4.6% in Massachusetts and revised PDL rates as part of an 8.9% countrywide increase, effective Aug. 3.

The bureau reduced products liability rates in Florida 13.8% for BI and 20% for PDL, also effective Aug. 3.

Harris Retires As N. Y. Department Chief Counsel

Raymond Harris, deputy superintendent and chief counsel of the New York department, has retired after 45 years of service.

Mr. Harris, who was stationed at Albany, joined the department as an actuarial clerk in 1914. He was appointed chief counsel in 1943.

Peter Ward, who recently resigned as professor of law at Cornell, succeeds Mr. Harris and will be in charge of legal services in the department.

GAB Changes In South

General Adjustment Bureau has established an independent branch at Johnson City, Tenn., and has advanced John W. Bryant, adjuster in charge, to manager there. Jack P. Thames, manager at Gulfport, Miss., has been named general adjuster at Knoxville. He is succeeded at Gulfport by Robert L. Blanks Jr., formerly manager at Greenwood, Miss. Luther G. Shelby, senior adjuster at Greenville, succeeds Mr. Blanks at Greenwood.

The bureau's Albany, Ga., office has been moved to 109 North Monroe Street.

Joins Peerless In N. J.

Peerless has appointed Robert J. Cox special agent in New Jersey. He will assist Matthew J. Farley manager at Newark. Mr. Cox entered the business with Loyalty group and then went with Reliance.

Insurer Has New Personal Lines Plan

(CONTINUED FROM PAGE 2)

$60 now, or at least see it on their books, rather than take $5 a month and never be confronted with the expense of billing. The Pacific plan, Mr. Miller explained, gives the agent cash every month, net, and the ambitious producer can still go out an add coverages to produce additional commissions.

In practice, the agent is required to obtain a check for the first premium, and this check is given to the agent as his initial commission. Then the agent does not participate in the commission on the monthly payments until the seventh month. By this means the agent is given an incentive for his selling effort that has a little substance to it.

Is Relatively Simple

Selling the Pacific plan is a relatively simple matter, Mr. Miller declared. The agent is provided with a brochure which relates coverages to monthly cost, and in dealing with necessary or advisable limits, it is much easier to explain that it amounts only to a few pennies a month. It has been found best to start talking at the highest limits the insured should carry, because their cost over basic limits when discussed in terms of one-twelfth are so minor as to cause no sales resistance.

Pacific is now writing about $400,000 a month of premiums on this plan, and it is practically 100% earned as it comes in. To the insured, the system is comparable to his water, light or mortgage payments, merely an accepted cost of living.

The first agent to sell this system had 45 prospects to approach, and he sold 44. "You can imagine what it did to his office expense," Mr. Miller remarked. An agent who makes four or five sales a week is building up a steady income because, Mr. Miller stressed, the business stays on the books.

Miss McAndrews Ends National Board Career

Miss Lillie McAndrews, executive assistant to J. Raymond Berry, general counsel of National Board, has retired after 45 years with the board. Miss McAndrews joined the organization in 1914 as a stenographer. She later became secretary to the general counsel and in 1953 executive assistant. She was honored on her retirement at a luncheon given by officers of the board at the St. Regis Hotel.

N. J. In Traffic Control Agreement With Pa., Conn.

Pennsylvania and New Jersey have reached a reciprocal agreement for enforcement of traffic violations and "clamp down" on offending drivers. New Jersey has a similar arrangement with Connecticut.

The agreements provide that upon being notified of a violation in the other state, the home state will take such action as would be required if the offense occurred in its own territory. An important part of the agreements calls for suspension of license where a driver fails to appear when given a summons or fails to pay a fine when convicted.

S. C. Auto, M&C Hearings

Commissioner Austin of South Carolina will hold a hearing Aug. 22 on a National Bureau BI and PDL automobile filing to reduce private passenger rates 2.1%, and increase commercial car rates 9.2% and garage risks 9%.

The hearing will also consider a Meridian Mutual filing for an overall increase of 5% for auto BI and PDL, and a Safeco request for a 9% to 12% increase in medical payments rates.

Mutual Bureau has filed to increase M&C liability 25% on BI, and to revise M&C PDL rates as part of an 8.9% countrywide increase. This also will be considered.

Record Number Take CPCU Exams

(CONTINUED FROM PAGE 6)

ment Employees, Landover Hills; Schoenfeld, Henry F., agent, Pikesville.

MASSACHUSETTS: Carrigan, Thomas P., John G. Paige & Co., Wollaston; Cunniff, Joseph J., Liberty Mutual, Jamaica Plain; Dick, George William, American Mutual Liability, Wakefield; Donahue, William T., Wayner agency, Lexington; England, Frederick J. Jr., W. B. Hastings & Co., Cambridge; Lane, David J., C. R. Tapley Agency, Boston: MacLellan, Stephen J., Liberty Mutual, Boston; Maloney, Miss Therese A., Liberty Mutual, Quincy; Racine, Robert A., Worcester Mutual, North Grafton; Steeger, Charles H., Boit, Dalton & Church, Boston.

MICHIGAN: Camden, Howard B., agent, Detroit; Clunie, Robert R., agent, Detroit; Dailey, William J., American States, Grand Rapids; DeWindt, J. Edward, DeWindt & Co., Detroit; Dickinson, Stanley R., Arthur K. Rouse Agency, Petoskey; Evans, Bruce D., North America, Oak Park; Goetsch, Werner A., Citizens' Mutual Auto, Detroit; Hamilton, James W., Boston, Detroit; Heldstab, Robert B., Phoenix of Hartford, St. Clair Shores; Laubach, Robert A., agent, Frankfort; Schmoke, Gerald O., Zurich-American, Dearborn.

MINNESOTA: Carlson, Richard V., St. Paul F.&M., Minneapolis; Crowley, Maurice M., Federated Mutual, Owatonna; Dripps, Harold E., United Fire & Casualty, Minneapolis; Hallquist, Carl A., agent, Minneapolis; Holmes, Henry J., St. Paul F.&M., St. Paul; Huss, Roger L., Royal-Globe, Excelsior; Johnson, Miss LaDonna C., Federated Mutual, Owatonna; Kneeland, Francis P., American, Minneapolis; Rogness, Gilbert A., Northern States Agency, Minneapolis.

MISSISSIPPI: Schoone, Egbert, Great American, Jackson.

MISSOURI: Chick, William M., Boston, Kansas City; Cooper, Jack D., Employers Re, Kansas City; Garr, James Renau Jr., Thomas McGee & Sons, Kansas City; Hilb, Donald Raymond, Great American, Gladstone; Pender, W. J., Kansas City F.&M., North Kansas City; Wightman, Jerry, agent, St. Louis; Woodward, John W., Norwich Union-Scottish Union, St. Louis.

MONTANA: Darrow, Gordon E., General of Seattle, Billings.

NEBRASKA: Christiansen, Eugene W., American Casualty, Lincoln; Crowl, Robert C., Lloyd C. Keenan Agency, Omaha; Gridley, William A., Farmers group, Omaha; Liesche, Philip L., National Indemnity, Omaha; Lyman, Marvin L., Foster-Barker Co., Omaha; Runyan, James B., Stuart Agency, Lincoln.

NEW HAMPSHIRE: Keefe, John W. Jr., Peerless, Swanzey Center; Whaland, Francis E., Slawsby Agency, Amherst.

NEW JERSEY: Callahan, Joseph M., Jay Schlesinger & Benisch, Plainfield; Houlihan, Raymond D. Jr., Aetna Casualty, Oaklyn; Jonassen, Harold, Zurich-American, Closter; Kast, Robert K., Liberty Mutual, Morris Plains; Kearney, Harry A. Jr., agent, Middletown; Kelly, Francis J. Jr., Aetna Casualty, Scotch Plains; Macdonald, John E., Commercial Union-North British, Cranford; Ott, Richard V., agent, Irvington; Quinn, William A. Jr., Frank B. Hall & Co., Lincroft; Shepherd, Charles N., Aetna Fire, Ridgewood; Van Sant, John E., Standard Fire, Trenton 8.

NEW YORK: Ahearn, Joseph M., Liberty Mutual, Brooklyn; Bell, Francis David, Surety Assn. of America, Valley Stream; Bertolino, Alfonso, Zurich-American, Jackson Heights; Buckley, Eugene F., Maryland Casualty, New York; Cook, T. Richard, Glens Falls, DeWitt; Cross, George R., Great American, Nanuet; Dunne, James A., Maus & Co., Baldwin; Earley, Robert W., America Fore Loyalty, Forest Hills; Epstein, Jules I., Joseph G. Gray & Co., New Hyde Park; Fischman, Noah, broker, New York; Fowler, Joseph M., Walden Agency, Walden; Freeman, Burton M., Firestone Agency, Freeport; Gunner, George William Jr., A. Milton Badger Agency, East Aurora; Haddican, Thomas J., Frank B. Hall & Co., New York; Hall, Charles E., Springfield F.&M, Kenmore; Heiges, Robert A., Cornwall & Stevens, New York; Johnson, Walter, American Casualty Co., West Islip; Keller, George J., Merchants Fire of New York, North Babylon; Ledogar, Herbert M., American Mutual Liability, Bronx; Lefrak, Harris B., Morris Kulok Co., New York; Levy, John, Eaton agency, Kingston; Morrison, Donald E. Jr., Aldrich & Cox, Buffalo; Morrison, James P., Independent Agency, Elmhurst; Morse, Richard H., American Surety, Arcade; Newman, Maurice, M. C. Feldman & Co., Brooklyn; O'Brien, John J. Jr., Utica Mutual, New Hartford; O'Malley, Arthur T., North America, New York; Powell, William J., Royal-Globe, New York; Rowland, Robert B., Aetna Fire, Stony Brook; Schirick, George F., U.S.F.&G., Kingston; Sixbey, Jack R, Employers' Liability, Rochester; Spain, William D., Lake Mahopac Agency, Lake Mahopac; Tabor, John L., agent, Buffalo; Vanderbeek, S. Ward, Crum & Forster, Rochester; Zanetti, Gordon M., agent, Pine Bush.

NORTH CAROLINA: Craft, William H., agent, Greensboro; Eddy, Elmer B., Lumber Mutual Fire, Raleigh; Grogan, Billy J., Wachovia Bank & Trust Co., Winston-Salem; Mixon, Otto Elwood, agent, Rocky Mount; Roebuck, Shelby Augustus, Commercial Agency, Farmville; Scott, E. Hughes, American, Raleigh; Smith, Anthony N., Automobile Mutual and Factory Mutual Liability, Raleigh; Strandberg, Howard H. Jr., Standard Insurance & Realty Corp., Rocky Mount; Webb, Van Wyck Hoke, Dupree & Dortch, Raleigh; Wessell, Hardy, Foster-Hill Agency, Wrightsville Beach.

NORTH DAKOTA: Carter, Robert H., Dakota Fire Insurance Co., Fargo; Dixon, James E., Insurance, Inc., Fargo.

OHIO: Anderson, Howard N., Ohio Casualty, Hamilton; Cartwright, James F., Henry J. Kannenson Agency, Youngstown; Drennen, Dewey M., Travelers, Toledo; Howard, Roger H., Paul H. Leonard Agency Co., Stow; Jackson, Bruce A., Great American, Cuyahoga Falls; Jones, Evan M., McConnell Agency, Alliance; Lewis, Peter B., Progressive Mutual, Cleveland; Magley, Theodore R., State Automobile, Columbus; Manore, Harold C., agent, Toledo; Schlaudecker, William J., American Casualty Co., Cleveland Heights; Schwartz, Frank J., F. J. Schwartz & Co., Cleveland; Tidball, James Morrison, Duerr-Smith-Lane Co., Canton; Woodman, Thad A. Jr., agent, Youngstown.

OKLAHOMA: Arnett, James D., Selman & Co., Tulsa; Dreher, Donald S., Oklahoma General Agency, Tulsa; Krisher, John F., Employers Casualty, Oklahoma City; Redding, Francis E., Neely-Thornton-Goodwin Co., Oklahoma City; Winslow, Thomas A., First National Bank & Trust Co., Tulsa.

OREGON: Sheldon, Vernon Everett Jr., Cole, Clark & Cunningham, Inc., Portland.

PENNSYLVANIA: Belth, Joseph M., student, Philadelphia; Beugless, Edgar Jr., North America, Philadelphia; Blahnik, Donald J., L. P. Stimmler Agency, Pittsburgh; Blanche, Arthur M. Jr., agent, Bala Cynwyd; Brown, John C., Indemnity of North America, Philadelphia; Chaloult, Douglas P., Indemnity of North America, Philadelphia; Cohen, Herbert J., agent, Philadelphia; Collins, Patrick J., Continental Casualty, Drexel Hill; Cooper, Ralph Van der Woort, State Farm Mutual, Springfield; DiCarlo, Miss Yolanda, Royal-Globe, Philadelphia; Doherty, Joseph F., Pennsylvania Manufacturers Assn. Casualty, Lafayette Hill; Falkowski, Joseph M., Maryland Casualty, Pittsburgh; Gettier, Albert F., Royal-Globe, Philadelphia; Hall, Charles P. Jr., student, Secane; Hocker, Robert G., Indemnity of North America, Havertown; Hornung, Jacob, Zinman-Grossman-Lichtenstein Co., Philadelphia; Kachulis, Thomas G., agent, Sharon; Kennedy, Joseph A., State Farm F.&C., Philadelphia; Lewis, Hugh Thomas, Royal-Globe, Williamsport; Matthes, Peter Carlton, Mutual Boiler & Machinery Co., Pittsburgh; McHale, James Francis, Standard Accident, Scranton; McPherrin, Edward S., Johnson & Higgins, Prospect Park; Melone, Joseph J., instructor, Philadelphia; Mitchell, Thomas J., American States, Pittsburgh; Montgomery, Samuel A. Jr., agent, Media; Overman, Edwin S., American Institute, Philadelphia; Sandala, Miss Dolores, Nationwide Mutual, Pittsburgh; Schmidt, Richard F., General Motors Corp., Philadelphia; Schubert, Roland G., Indemnity of North America, Warminster; Snyder, H. Wayne, University of Pennsylvania, Philadelphia; Weston, Rodman J., Reliance, Abington; Wheatley, David H. Jr., North America, Philadelphia.

RHODE ISLAND: Pratt, Richard W., Boston, Providence.

SOUTH CAROLINA: Braddy, William R., Carolina Agency, Dillon; Carleton, Frederick

C., Providence Washington, Columbia; Mappus, Theodore T. Jr., agent, Charleston; Sanders, Edward L., agent, Spartanburg.

TENNESSEE: Hazen, John Franklin Jr., Cherokee, Nashville; Jerden, Carlos Howard Jr., U.S.F.&G., Knoxville; Luton, Herbert W. Jr., agent, Nashville; Patten, C. Louis, agent, Cleveland; Viehmann, O. Fred, Security Insurance Service, Nashville; Webb, Addison Lockhart, Pryor, Love & Lewis, Chattanooga.

TEXAS: Acklen, Robert L., Liberty Mutual, Dallas; Albright, A. Morris, agent, Port Arthur; Bryson, Robert H., Royal-Globe, San Antonio; Eckhardt, Alfred F., Bexar County National Bank, San Antonio; Garrett, Charles A. Jr., Aetna Fire, Dallas; Greeno, John S., Standard Accident, Dallas; Harrison, William Henry, M. O. Andrews Co., Fort Worth; Herrick, Kenneth W., Texas Christian University, Fort Worth; Isaac, Jacob, Joe Crow Agency, Austin; Ladd, Mrs. Lola Crisp, Piper, Stiles & Ladd, San Antoinio; Maddox, Mrs. Olivia A. Harold Sharpe Agency, Fort Worth; Mayes, John A., Employers Casualty, Dallas; Miller, Walton Sansom, Henry Miller Agency, Dallas; Morriss, Josh R. Jr., F. W. Offenhauser & Co., Texarkana; Noel, David B., agent, Dallas; Russell, R. Harlan, Aetna Fire, Amarillo; Simmons, Robert A., Tom H. Walker Adjustment Co., Dallas; Spalding, Clem H., United Services Automobile, San Antonio.

VIRGINIA: Jefferis, Clifford J., Government Employees, Falls Church; Temple, Thomas B., Cherokee, Richmond.

WASHINGTON: Allen, Arthur A., United Pacific, Tacoma; Gainer, Thomas J., Zurich-American, Seattle; Hansen, Theodore A., Kehle & Hawley, Seattle; Hedreen, Guy Michael, P. J. Perry & Co., Seattle; Hedreen, Guy Noble, Groninger & Co., Seattle; Jarvie, Carl W., Northwestern Mutual, Seattle.

WEST VIRGINIA: Butts, Gerald L., McDonough - Capterton - Shepherd - Goldsmith, Charleston; Miller, Paul Robert Menzies, Lee C. Paull, Inc., Wheeling.

WISCONSIN: Collier, James A., Madison; Jaeger, Charles H. Jr., American Casualty Co., Milwaukee; Klipstein, Harland L., Harold C. Weiss Agency, Madison.

—

Malpractice-Injury To Plaintiff Distinction Adds 3 Years To Limit

In a four-to-three decision, Ohio supreme court distinguished between a suit for "malpractice," which must be filed within one year, and an action "for injury to the rights of the plaintiff," which carries a four-year limit. Adrian Corpman, Dover, sued Dr. Francis C. Boyer, Canton, to recover damages for permanent injuries to his wife, Audrey, and for loss of consortium, allegedly caused by carelessness in performing an operation in 1955.

Dr. Boyer said in a demurrer that Corpman lacked a cause of action because of a one-year limit for filing malpractice suits. Lower courts held for Dr. Boyer but the supreme court reversed the case, returning it to the trial court for further proceedings. The high court said that "a husband's action to recover for consequential damages occasioned by the malpractice of a physician upon his wife is not an action 'for malpractice' and is not required to be brought within one year." The court described the action as one "for an injury to the rights of the plaintiff" for which the Ohio code prescribes a four-year limit to file suit.

—

Walter J. Kulp Jr. has been made president of Silver State agency of Denver, succeeding S. Jack Walker who has been elected executive vice-president of Silver State Savings & Loan Assn. Mr. Kulp has been in insurance since 1928 when he started with Mountain States Inspection Bureau. Subsequently he was in the local agency business in northeastern Colorado from 1934 until 1950 when he joined Continental-National group at Denver, serving as casualty underwriter and managing underwriter. He leaves the latter position to join the Silver State agency.

—

Edward L. Covak, formerly with Travelers, has joined the life, health and group department of Insurance Service Agency of Duluth.

—

Albert Frank-Guenther Law, New York advertising agency, has elected John V. McAdams president and Howard C. Allen vice-chairman.

Pa. Fire Rate Court Issues Are Reviewed

Middle Department Assn. of Fire Underwriters has commented on the recent decision of Dauphin county common pleas court upholding approval by Commissioner Smith of Pennsylvania of revised fire rates effective June, 1959. The rating organization notes that the adjustments included reductions and increases—the latter applying to certain classes in Philadelphia and Pittsburgh. The court's decision dismisses appeals filed by these cities for reversal of Mr. Smith's action.

A comparatively unfavorable loss record in Philadelphia resulted in rate increases on residential property, particularly on tenant occupied dwellings in certain areas where fire department records indicated a disproportionately higher number of fires. There was also a general increase on retail and wholesale stores and their stocks.

Conflicting Contentions

In opposing all rate increases, Philadelphia officials contended that the city has been repeatedly honored by top awards for educational fire prevention programs and that there has been a decline in the number of fires recorded by the fire department. The Middle Department noted that insurance companies which sponsor and publicize fire prevention campaigns would be the first to welcome lower fire losses and have publicly commended city officials in efforts toward this end.

As to the second contention, the department pointed out that a reduction in the number of fires does not necessarily mean that there has been a corresponding reduction in the total dollar value of property destroyed. Estimates of losses by the fire department are incomplete and do not fully reflect losses covered by insurance. Hundreds of losses paid by insurers are not recorded by the fire department which is not equipped to trace monetary losses frequently resulting as a consequence of fire over and above the actual property loss.

—

R. F. Laycock and Leon W. Fouts have been elected directors of **Southwestern Indemnity.** Both are officers of the parent Preferred of Grand Rapids.

Policyholder Relations Programs Shown

(CONTINUED FROM PAGE 1)

sages to policyholders, as well as sales-promotional messages. Annually, a report on the company's operations in the previous year is sent to policyholders in this manner. Another notice calls attention to the higher discount now available on premiums paid in advance.

"Calling Card" Furnished

—A monthly publication, the Calling Card, is available to agents for mailing to individual policyholders. Another quarterly publication is available to larger policyholders concerned with estate planning and tax programs.

—A series of individually typed direct mail letters are employed to remind policyholders of such matters as the expiration of conversion privileges under term policies, the date a policy is to become fully paid-up.

—A policy review form to be sent to policyholders to remind them of the desirability of reviewing the selection of settlement options, designation of beneficiaries, and other aspects of their insurance programs.

—Recently, in an effort to improve further servicing of current policyholders, these functions were reorganized into a policyholder's service department. This department now handles all policyholder service functions, except beneficiary changes, loans, surrenders, beneficiary installment agreements, and dividends.

In the general insurance lines underwritten by Aetna Casualty, the insurance agent is to a greater degree the channel through which policyholder relations activities are directed. In this field, therefore, it is the company's job to provide the agent with the materials necessary to promote good policyholder relations. Some of the activities in this area are:

—A monthly publication, the Safer Way, produced especially for the agents' use as a regular mailing piece to their policyholders.

Prompt Reporting Urged

—A new accident reporting form, especially for automobile insurance policyholders, as part of a program to encourage prompt reporting of accidents and losses.

—A special "Speedclaim" jacket containing a list of Aetna claim offices and evidence of coverage, to be carried in the glove compartment by automobile insured.

—Through the safety engineering department, industrial and commercial policyholders are provided specialized services designed to assist them in preventing on-the-job accidents. In this work, Aetna Casualty safety engineers in 1959 made over 200,000 surveys, inspections and other plant visits for our policyholders.

On-The-Spot Payment

—In an effort to speed claim service for policyholders, many agents are now authorized to make on-the-spot payment of small losses.

—The Aetna plan of risk and insurance analysis is a visual method of presenting to policyholders a report on the hazards to which they are exposed and the over-all insurance program needed to give the required protection. (Similar programing aids are also used in the life insurance field.)

NATIONWIDE

Nationwide's approach to policyholder relations evolved a number of years ago when the insurance companies were still known as Farm Bureau Insurance of Ohio. Policyholders originally were members of the Ohio Farm Bureau, an organization which, significantly, has always had a strong membership relations and education program. When the insurance organization expanded into other states and gathered a large urban policyholder group, it also became independent of the Farm Bureau. However, it inherited a certain viewpoint about "member relations," which it proceeded to adapt to the urban insurance situation. It was in 1950 that Nationwide set up its

policyholder relations department.

This program has had the coordinating responsibility for two major programs, the sponsor program and the advisory committee of policyholders. Both are essentially communications programs, or more basically, membership education programs.

Directors United

The sponsor program links Nationwide to a number of large cooperative membership organizations such as state farm bureaus, credit union leagues, and regional consumer cooperative groups. The relationship is one of mutual sponsorship—that is, these groups sponsor Nationwide services among their members, and Nationwide sponsors their services. Additionally, these groups nominate candidates to Nationwide's board of directors. Thus, Nationwide's directors, though retaining no functional ties to the sponsor groups, are generally united in attitude and a cooperative orientation, and they provide an external point of view that prevents Nationwide management from becoming ingrown.

The advisory committee of policyholders is a continuing program designed to involve the individual, usually urban, policyholder. Currently it involves some 15,000 policyholders annually. The device which makes it possible for so many to participate is an adaptation of the representative system familiar in political organization. Policyholder meetings are conducted at three different levels: the local or district level; the sales region level; and finally the "national" level—the annual conference of policyholder advisers at the home office.

A system of elections links the meetings together by sending policyholder representatives from one level to the next. In the meetings, policyholders develop suggestions and recommendations to Nationwide's management. The suggestions are channeled to the appropriate offices and departments for management consideration, and management then reports whatever action is taken on each recommendation. The reporting is done in two ways—in subsequent meetings, and in a printed quarterly report distributed to all participants.

Policyholders Control Machinery

Both the sponsor program and the advisory committee of policyholders are regarded as moves toward giving policyholders control of the economic machinery which serves them. The sponsor program relates to the government of the insurance companies. The advisory committee program, viewed from this standpoint, is still experimental since obviously it is still a communications device rather than a control mechanism.

Both programs are still in process of development and both are directed to the same ultimate goal, namely, the achievement of a corporate democracy within Nationwide to the same extent that political democracy has been achieved in the nation.

Public Affairs Department

In 1960 Nationwide created a new department that will be concerned with legislative matters—the department of public affairs. At least part of this department's work will be to provide information on public issues to the policyholder advisory groups, in an effort to encourage wider discussion in matters concerning corporate policy.

Some 130,000 Nationwide policyholders now receive Minutes, a 36-page magazine published six times a year by the companies' information department. Those placed on the mailing list are persons considered by agents to be community leaders; those who by profession or inclination are active in local organizations, interested in public affairs, and responsive to ideas.

Minutes Builds Prestige

Minutes is edited for this group. Its editorial objectives are to build prestige and good will, promote company interests such as traffic safety, better health, cooperation, and economic democracy, inform readers about company activities and insurance trends, invite participation in the companies' advisory committee or policyholders program, and entertain and inform readers with articles of general interest.

Because Minutes is edited for a select group of policyholders, the magazine is able to concentrate on subjects that might be of limited concern to the casual reader. Articles about problems being faced by the insurance industry or by Nationwide in particular are published frequently. Recent issues have dealt with the pros and cons of compulsory insurance, the effect of jury awards on insurance

rates, the need for more effective traffic courts, and the assigned risk problem. Reprints of such articles are distributed widely among other policyholders and outside groups. Minutes has also published articles on such controversial topics as the cost of drugs, legislation in the interest of consumers, and the role of public demonstrations in influencing opinion and promoting legislative action.

Winner of several national and international awards for industrial journalism, Minutes has gained wide acceptance among outside publics as well as policyholders. It plays an important role in Nationwide's over-all policyholder relations program.

Memo Issued Twice Yearly

Another publication for policyholders, Memo, was started last year and is now received by approximately 500,000 auto policyholders. Published twice a year, Memo is a small, six-page leaflet mailed out with premium notices. In brief, illustrated items of general interest, the publication promotes renewal and serves as a communications device on such subjects as safety, policyholder service, the company's advisory committee of policyholders program, etc.

Five pages of each issue are uniform, but there is a separate edition for each region and the back page is used for a message of particular interest to the region. These messages have included announcement of the company's entry into a new state, a "help wanted" ad to recruit new agents, a rate increase explanation, and an appeal for prompt reporting of claims in a region where late reporting was a serious problem.

Circulation To Be Increased

Now being used in five of Nationwide's 14 regions, Memo will gradually be extended to other regions. Eventually, it may be sent to all Nationwide auto policyholders.

Memo is produced by Nationwide's information department, in the office of public relations.

Nationwide's safety department is greatly concerned with the health and safety of its policyholders. The department's efforts in this direction are reflected in the total policyholder relations program.

In a statement of its general operating principles, the department "assists individual and group policyholders to study and solve their health and safety problems."

Safety Programs Cited

To this end, the department has developed a safe driver award program, auto safety kits with instructions and material to aid in driving emergencies, and fire safety programs which provide for periodic inspections of urban and rural property and instructions on how to prevent fires.

In addition, the safety department directs 10 other distinct programs that are aimed at "bringing health and safety education to the general public" —which, of course, includes both present and prospective policyholders.

Peerless Reports Underwriting Gain

Peerless had an underwriting gain of $134,046 in the first six months of 1960. Written premiums increased 11.6% from a year ago to $7,857,588. Premiums earned were $7,557,137, a 12.9% decrease.

The ratio of losses and loss expenses to premiums earned was 57.8. The ratio of underwriting expenses to premiums written was 38.9.

Investment income amounted to $384,324. Net operating profit of $525,218 amounted to 95.1 cents per share. Policyholders' surplus was $8,113,916. The increase in earnings of United Life & Accident, Peerless affiliate, is not taken into account.

National Fire Advances W. H. Hunt In Ohio

Warren H. Hunt has been promoted to associate manager of the fire, marine, and multiple peril division in eastern Ohio by National Fire. Mr. Hunt was with Ohio Inspection Bureau until he joined National Fire in 1950 as special agent in Ohio. In 1958 he was advanced to state agent in eastern Ohio. He will be associated with Manager G. H. Wilkinson and State Agent W. D. Allen at Cleveland.

Pruett Becomes General Agent

Frank M. Pruett, manager at Kansas City for Pacific National, has retired to head the Frank M. Pruett general agency, managing general agents for Connecticut Indemnity and Fire & Casualty of Connecticut.

Mr. Pruett started in insurance as a special agent for Home in Missouri in 1942, and six years later joined Providence Washington as manager at Kansas City.

The new general agency is located at 912 East 63rd Street.

Samuel Zetlan agency, Peabody, Mass., has appointed Hyman E. Merken specialist in its life and A&S department. Mr. Merken, who will handle group and individual cases, was previously with Boston Mutual Life and Massachusetts Indemnity & Life.

Employers Re Has Good Half Year

The midyear report of Employers Reinsurance reflects the new equity financing that took place in April when 100,000 shares were sold. The $4,315,788 received from that sale, plus the increase in earnings from operations helped boost surplus to $28,896,194. A year ago the amount was $22,667,011.

Net earnings after taxes for the six months were $1,712,379, equal to $2.44 a share on the outstanding 700,000 shares. A year ago the earnings were $1,620,818, equal to $2.31 a share adjusted to present capitalization.

Underwriting income was $1,325,342, a reduction from the $1,413,056 a year ago. Investment income, however, increased from $970,588 to $1,149,198. Premiums were $16,864,934 compared with $15,530,114, the best showing being in fire where the increase was about $700,000.

Sargent Returns East To Join Berkshire In Mass.

Berkshire Mutual has appointed Orlando W. Sargent field representative at Belmont, Mass. He has been with Improved Risk Mutuals as resident engineer for New York and New Jersey and subsequently as special representative in production and promotion for central and eastern New York. Most recently he was at Waukesha as Wisconsin representative.

Ask Claim Help For ARs

The governing committee of Louisiana Automobile Assigned Risk Plan has asked companies receiving assigned risks to include with the policies they issue the usual claims office directory which they customarily include with their voluntary auto policies. The plan points out that many of the companies receiving AR business are not well known to agents in Louisiana. Frequently when a claim is reported to the agent he must either telephone or wire the home office of the company to determine to whom the claim is to be reported for handling.

Managerial Changes Made By GAB In N. Y., N. J.

General Adjustment Bureau has named William Wallace, Syracuse manager, general adjuster for northern New York. Arthur S. Flint Jr., Elmira manager, succeeds Mr. Wallace at Syracuse. Marshall L. Terry has been advanced at Elmira to succeed Mr. Flint.

Robert E. Friday has been named manager of the new office at Kingston, N. Y. George W. Fornoff, senior adjuster at Paterson, N. J., has become manager there. He succeeds Robert F. Stumpf who had been acting in a dual capacity since his appointment as regional supervisor of northern New Jersey.

Offers Group Life, Hospital Plan To Retired Home Office Employes

Mutual Benefit H.&A. is offering hospitalization and life insurance for retired home office employes. The hospitalization plan pays up to $18 in daily room benefits as well as medical, surgical and miscellaneous expense. The group life plan is based on salary at the time of retirement up to a maximum of $5,000. The company will pay a portion of the premium on both plans.

Lansing Agency Moves

LANSING—Progress triumphed over history and sentiment when wreckers demolished the Insurance Building at 123 South Grand Avenue following its sale to the city for expansion of municipal parking.

The structure, occupied by Lansing Insurance Agency—Dyer-Jenison-Barry Agency since 1928, stood on the site of the birthplace of the late Oren A. Jenison, one of the agency's founders. A plaque recognizing this fact was preserved and turned over to Mrs. John (Judith Jenison) Stratton, wife of another local agent and granddaughter of Mr. Jenison.

The agency, one of the city's oldest and largest, has moved to 472 Hollister Building.

To Explain Town Classifications

W. C. Anderson, manager of Missouri Inspection Bureau, will talk at the Oct. 10 meeting of St. Louis County League of Fire Protection Districts. He will explain how fire rates are made for the various sections of St. Louis county. Members of the league of fire protection districts are concerned with the changes in class ratings, contending there is a lack of uniformity in determining classifications.

Singletary Elected V-P Of Audubon

J. Noland Singletary has been appointed a vice-president of Commercial Securities Co., Audubon and Audubon Life. He has been a member of Sanders, Miller, Downing, Rubin & Kean of Baton Rouge.

Directors of **St. Paul F.&M.** voted to increase the dividend payable Oct. 17 to stock of record Oct. 10 from 32 cents to 36 cents.

Tells Current Situation At Lloyd's

(CONTINUED FROM PAGE 2)

posures, he observed—such as truck lines, liquid petroleum or butane gas, hotels, movie theaters, and the like.

One excess cover that has become particularly popular in recent years is excess auto liability above limits provided in assigned risk plans. Many of these risks "cannot afford to carry the low limits" provided by the plans. Excess coverage can be provided to give almost any limits required.

Surplus fire on capacity risks is another form often written by surplus insurers. When the agent is unable to place or complete the coverage in domestic companies due to the large values involved, Lloyd's will write the unplaced portion, usually on a warranty basis. This means Lloyd's will charge the same rates as one of the agent's companies that is designated to be the warranty company and will also agree to follow the same terms and conditions, as well as, in event of loss, the loss settlements of the warranty company.

Substandard Risk

The substandard risk usually finds its way to London if there is no moral hazard but at a loading of bureau rates, Mr. Stewart pointed out. Depreciation insurance is another fire coverage written in London, as is valued U&O for insured who before a loss want to be certain they will collect a predetermined amount of so much per day. This form also does away with the coinsurance requirement which bothers many insured and agents.

The parasol form has developed in recent times to provide all risk cover excluding fire, EC, vandalism and malicious mischief and sprinkler leakage, which are written by insured's regular insurers.

Among other lines written extensively in London are personal accident for large amounts and for insured engaged in hazardous occupations such as crop dusting; auto PHD for substandard private passenger and long haul vehicles; malpractice; amusement park and carnival liability; retrospective plans of several kinds; primary aviation business that is difficult to place in the U. S.; short term (one to three days or so) coverages, and errors and omissions of all kinds.

Umbrella liability coverage, excess over existing limits, and coverage of uninsured exposures subject to a minimum deductible of at least $25,000, has become popular. Mr. Stewart believes that in the future this will be written on virtually every risk of any size in this country.

Since the average agent has little occasion to use a surplus or excess market, Mr. Stewart recommended that when he does get one he consult with a surplus lines broker in whom he has confidence. Most surplus lines brokers send out monthly news letters explaining forms of surplus line coverages. The agent should get on the mailing list of the broker he uses. With a market as flexible as the surplus line one, Mr. Stewart said the agent should never hesitate to check with the broker to determine if a line can be written.

Suspicion Of Danger And Landlord Liable In Minn. If He Fails To Warn

ST. PAUL—Minnesota supreme court overruled 17 decisions in order to uphold a verdict of $96,500 for a fall on a defective stairway.

Mrs. Patricia Johnson in 1955 fell to the ground when the tread of an outside stairway gave way while she was visiting her mother who resided on the second floor of a building owned by Cornelius O'Brien in Deerwood, Minn. Mrs. Johnson and her husband sued and obtained a jury verdict of $96,500. O'Brien appealed to the supreme court, contending that the law applied to his liability was incorrect because the jury was instructed that while O'Brien had no obligation for repairs he was obliged to inform the tenant of "concealed, dangerous conditions" when possession of the property was transferred. The supreme court said 17 previous cases in Minnesota could be cited in support of O'Brien's contention but "to the extent that the rule in these cases might be interpreted as meaning that only actual knowledge of defects on leased premises constitutes a prerequisite to the liability of the landlord, they are expressly overruled." The court took the view that the liability of a landlord "includes those cases where he has information that would lead an ordinarily reasonable man to suspect that danger exists."

Detroit Claims Men Elect

Charles Bauer, National Casualty, has been elected president of Detroit Life, A&H Claims Assn. Other new officers are Stanley Maisner, John Hancock, vice-president; Howard Robinson, Mutual Benefit H.&A., secretary, and Edward Trotochaud, Retail Credit Co., treasurer.

Capital of **Financial Indemnity** of Los Angeles has been increased from $200,000 to $300,000 by a stock dividend.

Insurance Securities Fund Adds 5 Companies, Sells 2

Insurance Securities Trust Fund of Oakland showed the addition of the following companies to its portfolio during the first half of 1960: Great Southern Life, 1,000 shares; Interstate Life & Accident, 13,000; Pacific National Life, 45,665; Transamerica, 76,100, and South Carolina 4,330. American Surety was eliminated, and New Amsterdam was sold off after the publication of the midyear report.

May Sic Government On Loan Agencies Which Control Homeowners' Cover

Midwest Independent Insurance Agents & Brokers Assn. of St. Louis is planning to obtain federal prosecution of mortgage lending agencies which use unfair methods to scare homeowners into buying their fire insurance through agents selected by the lending concern.

William B. Kelleher, attorney for the agents and brokers association, said that the results of some 75 cases in which homeowners were denied their own free choice of an agent, including 60 cases in the St. Louis area, were to be forwarded to federal authorities for their consideration. Mr. Kelleher said: "Ever since the sale of so-called homeowners' policies, which offer property owners more comprehensive protection at lower costs, we have been getting complaints. Some lending agencies have been engaging in various practices whose only intent is to scare owners from purchasing insurance from anyone but the mortgage lending agency or its representatives.

"We think these practices violate federal laws prohibiting unfair trade practices. Therefore, we are submitting our evidence for proper legal action.

"In some instances," he continued, "people have been bluntly told that if they did not buy their property insurance from an individual or firm named by the lending agency, they could look elsewhere for a mortgage loan.

"Those who persisted or wanted to change to brokers or agencies of their own choice later were told they would have to pay an extra 'bookkeeping fee' ranging from 10 to $25."

The Missouri department has no legal control over mortgage lending agencies. A bill intended to give the superintendent of insurance broader control over the placing of insurance on mortgaged properties was defeated in the 1959 session of the general assembly.

The St. Louis Board has investigated hundreds of complaints concerning the efforts of lending agencies to control insurance but reportedly found none in clear violation of either state laws or federal regulations. The board has obtained voluntary co-operation from various lending agencies to eliminate some of the practices that brought complaints.

File Discount Plan In Tenn., Ask Higher Rates

(CONTINUED FROM PAGE 1)

with clean driving records a 15% discount. The bureaus estimate that three of four motorists insured by their companies would be entitled to the safe driver discount.

National Bureau also asked a 7.8% increase in liability rates for commercial cars and one of 8.1% for garage risks. Collision rates would be increased 2.5% for $50 deductible and 3.2% for $100 deductible. The $50 deductible comprehensive would remain virtually unchanged but for full coverage rates would rise 28.7%.

The 10% compact car discount would apply even where a 25% credit already is available because of two or more cars in the same family.

Sager Wis. Special Agent

National Fire has appointed Ronald E. Sager special agent for Wisconsin at Milwaukee. He will travel the territory formerly supervised by W. E. Hoppenjan, who has been promoted to fire, marine and multiple peril manager at Milwaukee.

Witt Heads State Mutual, Little is General Manager

State Mutual of Flint has elected Felix Witt president and Alex Little general manager.

Mr. Witt, who has been a director since 1951, is a retired regional sales manager of a seed company. He succeeds Holley K. Fisk, who retired after 48 years with the company.

With the State Mutual since 1936, Mr. Little became secretary in 1955 and this year was elected treasurer. He will continue to hold those posts.

Allstate Buys Land For $1 Million Houston Office

Allstate has purchased an 8-acre tract near Houston where it will locate a proposed $1 million regional office. The structure will contain 60,000 square feet of floor space and will have complete air conditioning, employe cafeteria facilities and adequate off-street parking on landscaped grounds. Construction is scheduled to begin early in 1961.

Agency Supervisors Named By Continental Casualty

Continental Casualty has appointed Warren B. Stumpf agency supervisor for New Jersey and Edwin B. Kleine agency supervisor for Long Island, N. Y. They will help coordinate the operations of Continental Casualty and National of Hartford.

Adopt Nuclear Exclusion For Policies In N. Y.

New York has adopted a nuclear exclusion clause to be attached to all fire and allied lines policies. The clause is to be included in policies written on or after Aug. 15, but need not be attached to renewal policies having inception dates prior to Oct. 1.

Savio Home Of Hawaii Marine Superintendent

Rudolph B. Savio has been appointed marine superintendent of Home of Hawaii, succeeding the late Joseph C. Winterburn. In the business 10 years, Mr. Savio operated an agency at Hilo, Hawaii, before joining Home as a claims adjuster in 1951. He has been assistant superintendent of sales since 1958.

Preferred Enjoys Best Six Months Since 1954

Preferred to Grand Rapids, with earnings of 37 cents per share in the first half of 1960, enjoyed its most profitable period since 1954. This compares with a loss of 33 cents per share for a corresponding period last year.

Profits for the first six months amounted to $132,325 before taxes. Underwriting volume increased 10%, and an underwriting profit was recorded for the first time in five years.

Hunter Leaves Minnehoma

Ed Hunter, manager at Fort Worth for Minnehoma, has resigned to enter another business. He will be replaced temporarily by Verne Watts, production manager.

John A. Hill, senior vice-president of Aetna Life, has been elected a director of that company and of Aetna Casualty, and Standard Fire.

Mutual Companies Set Annual For Seattle

(CONTINUED FROM PAGE 5)

will be the 26th annual display of advertising materials entered in competition sponsored by the advertising-sales conference of American Mutual Insurance Alliance. There will also be a products and services display of commercial firms dealing in insurance company services.

The convention provides the setting for a number of mutual insurance organizations which meet at the same time as the national association. These organizations are: Federation of Mutual Fire Insurance Companies, Transportation Insurance Rating Bureau, Advertising-Sales Conference, Mutual Loss Research Bureau, National Federation of Grange Mutual Insurance Companies and Mutual Insurance Council of Editors.

Program Listed

The program includes:

Joint session of the association's Conference of Mutual Casualty Companies and city fire conference sections plus Federation of Mutual Fire Insurance Companies: "Inside the Fire Department," Chief William Fitzgerald, Seattle fire department; "Mutual Insurance Company Investments," J. H. Bolton, vice-president and treasurer, Northwestern Mutual, Seattle; and "Changing Concepts in Property Insurance Rating," T. L. Osborn, Jr., executive vice-president, American Manufacturers Mutual, Chicago.

Farm fire and windstorm conference sections: "Farm Mutuals and the Competitive Struggle," John S. Bickley, University of Texas. A panel headed by C .B. FunderBurk, and moderated by Mr. Bickley, will discuss problems raised in this talk. "Insurance Needs of the Modern Farmer," Mr. Elliott. He will also moderate a panel discussion on this subject.

Crop hail conference section: "Insuring Crops in Washington" and a panel discussion on appraisals, company cooperation—work sheets and storm maps will be conducted by members of the conference. "Advertising," L. F. Roherty, director of insurance, Rural Mutual of Madison, Wis.; "Importance of Companies Sending Men to Manager Schools," D. L. Achenbach, manager Country Mutual, Chicago; business meeting. "Good Fieldmen Bring Better Business, Better Agents, Better Policyholders, Better Collections," Dale Evans, director Farmers Mutual Hail, Missouri; "Advertising," Richard A. Hall, president of Hall, Haerr, Peterson & Harney, Jefferson City, Mo.; and "Current Report on Federal Crop Insurance," Frank N. McCartney, manager Federal Crop Insurance Corp., Washington, D.C.

Farm windstorm conference section: Mr. Elliott will moderate a panel discussion on "Risk Selection and Related Problems." A business meeting and a windstorm problem clinic follow.

City fire conference section: Annual business meeting. "Homeowners Problem Clinic," moderated by Curtis M. Elliott, University of Nebraska, with conference committee chairmen making up the panel.

Agent Must Unearth All-Lines Prospect

(CONTINUED FROM PAGE 15)

market before making the product. Thus, this insurer decided that persons with common personal protection problems and the means to pay for necessary coverage were the ideal prospects for the complete family protection embodied in its marketing program. The company decided at the start that neither the very young nor the very old would qualify, for obvious reasons.

Rather than setting up a stereotype of a customer, the company determined to charge its agents with finding actual buyers. One immense advantage this insurer enjoys is its practice of screening agency appointments with more care than competitive companies employ, and impressing agents upon appointment with its underwriting principles and practices. Its agency plant is therefore more manageable and cooperative than that of some other insurers with larger and more diverse representation.

Early in its experience with the over-all marketing program, the company confirmed its belief that such a plan can't be successful without the hard sell approach. In the main, only the younger and hungrier agents, not handcuffed by tradition, or sated with success, are willing to apply the necessary time and energy in over-all marketing. An exception to this general rule is the larger agency which adds or transfers personnel on its staff for the specific purpose of prospecting and selling the company's complete program.

Other Company Practices

This insurer will not permit its agents to use the over-all marketing plan as a defensive weapon. It demands complete and aggressive exploitation. One advantage, of course, is that many present customers with common needs can be put under the plan. This practice is not only profitable—since it often results in purchase of additional coverage—but it heads off a potentially serious problem. If the agent only offers its complete protection program to new customers, it is quite possible that he would arouse the wrath of present insured who would learn about the facility through advertising and otherwise. Therefore conversion of present customers and addition of new ones must go hand in hand.

The company has found that agents are anxious for help in advertising, prospecting and technical advice.

With electronic processing an integral part of its over-all personal lines marketing program, the company realized that the direct billing feature might be an obstacle due to agents' objections. Therefore, this insurer has made a careful distinction between assumption of detail and taking control away from agents. It regards billing, credit and cancellation matters as detail which the agent is well rid of. On the other hand, this insurer leaves with the agent control of renewal certificates, and reinstatement of cancellations and of lapsed policies. It also prominently displays the agent's name on bills. The result to date is that the company has had no concerted opposition to direct billing and has gained agency acceptance of the basic premise of an over-all program—company detail handling to free producers for the hard sell that is necessary.

No Preconceptions

In the last analysis, the company believes that the "ideal" customer is not someone who can be visualized. He emerges and is identified as a result of the unremitting effort of agents in searching him out. Such catch phrases as mass market and white collar prospects have no place in this company's marketing vocabulary. It entered over-all personal marketing on the sound premise that many persons have common protection needs. Its program was designed to fit them, and the agent's job is to find them. In doing so he is not handicapped by preconceptions which might prevent him from recognizing a live prospect.

The agent selling an over-all program is still dealing with individuals, not with some hazy blob of customers befogged, not identified, by a meaningless label. Far from disappearing or becoming less important, underwriting considerations are still paramount in the effort to determine whether risk factors are in a balance which qualifies the individual risk for the plan.

It would appear then that all lines marketing through one insurer will entail as much or more selectivity than presently prevails. Any inference that all personal coverages can be knit into a blanket to cover automatically any large group of "desirable" risks may be erroneous. Companies can change the arrangements of coverage, but they can't change the customers. The insurer which recognizes this hard fact and concentrates on the aggressive sales efforts of its agents rather than upon mechanical merchandising to a non-existent "ideal" customer is bound to have greater success in an over-all marketing program.

Good Results For Hartford Steam Boiler

Hartford Steam Boiler had an underwriting profit of $394,860 for the first half of 1960 compared with a gain of $1,536,706 in the first six months of 1959. However, a contribution of $329,023 to the employes' retirement trust was charged against underwriting. The trust was established in 1959.

Premiums written were $14,426,146, an increase of $5,020,827 over the same period last year. Premiums earned were $11,286,008, an increase of $454,-532.

The loss ratio was 26.2 compared with 24.1 for the same period in 1959.

—

Court Appeal On Ga. Auto Rate By National Bureau

National Bureau has appealed to superior court of Fulton County, Georgia, from Commissioner Cravey's rejection of a filing to increase auto liability rates 8.4%. A public hearing was held on June 8, and the filing was denied July 8.

The bureau pointed out that its members had underwriting losses of $3,097,725 during the past four years. The court will review the evidence and give a decision within 60 days.

—

York Receives Emblem For International Marine Meet

An emblem incorporating the Statue of Liberty, the atom symbol and the nuclear ship Savannah has been designed for the annual meeting Sept. 11-16 in Washington of International Union of Marine Insurance.

The emblem was designed by Frank O. Braynard of the American Merchant Marine Institute, who presented it to Myles F. York, Atlantic Mutual president and president of American Institute of Marine Underwriters. The shield emblem will be used in convention literature and displays.

—

Cal. Adjusters To Meet

California Assn. of Independent Insurance Adjusters has scheduled its annual convention for Oct. 6-8 at Los Angeles. The western regional division of National Assn. of Independent Insurance Adjusters will hold a meeting the morning of Oct. 6. The two organizations are not officially affiliated.

—

Universal Auto Promotes Tedrowe

Universal Auto of Indianapolis has promoted E. S. Tedrowe, manager of the claim department to assistant secretary. He will continue to supervise claims.

Great American Names Marshall At Syracuse

Great American has promoted Leonard J. Marshall, field supervisor at Syracuse, to manager there. He will succeed Harold E. Cobb who retires Sept. 1.

William F. Hines has been appointed field supervisor at Buffalo to succeed Raymond J. Nice, special agent, resigned. Donald W. Everett has been appointed special agent at Syracuse to succeed William H. Bosmann, resigned.

—

America Fore Loyalty's Trip Tips Booklet Ready

America Fore Loyalty has issued its Trip Tips booklet for vacationing insured.

The booklets are available from the group's department Z, 80 Maiden Lane, New York 38 for distribution by agents. More than two million copies of the booklet have been distributed during the past seven years.

It contains advice on precautions to be taken before leaving the house or apartment vacant, preparing the family members for the trip and preparing the automobile.

The booklet is also a handy reference guide to travelers on such matters as accidents, driving precautions, travel expenses, and preparing for the trip with insurance on home, auto, family and property.

—

Boston Names Aderhold In Ga., Shifts Sears To Me.

Boston has appointed Sandford W. Aderhold special agent at Atlanta. He succeeds Richard D. Sears who has been transferred to Maine as special agent. Mr. Aderhold was formerly Georgia special agent of Great American.

Southern Cal.-Arizona Handbook Published

A new Underwriters Handbook of Southern California and Arizona has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new Southern California and Arizona handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price $15.

Editorial Comment

Mutual Fund For The Smaller Insurer?

In recent times much has been written and said about the need today for companies to be larger. In general, this is true. Other factors being reasonably equal, premium volume can give a company several points on the expense side, most of which will go to surplus and profits. Size can be a defense against acquisition. The successful handling of many lines (perhaps all lines) gives the company competitive advantages, as well as, presumably, more premiums, more insured, more agents, and a broader investment base. With the inflation and genuine expansion that has occurred in the economy, the insurer should be twice as large and write twice the volume it did 15 years ago, just to be even with the broadened dollar necessities and opportunities.

But these, like all, generalities do not measure all the facts. One is quite apparent upon examination: Quite a number of small and medium sized companies do very well indeed. They may do better than the larger company in respect to underwriting margin, marketing skill, expense control, customer satisfaction, and even growth, relatively. One may do well in a field or area where another, larger, company has trouble and has to get out. Often the difference is the result of closer u nderwriting—of knowing or finding out what makes differences in risks, by class and by individual risk.

These companies do not operate everywhere. They do not sell every kind of insurance to everybody. They are not the giants. But in competition with the large companies, in their areas, on their lines, they are Samsons who frequently can best the larger insurers in getting the business they want. Because their managements can stay closer to the origin of business, they understand better the nature of it and can underwrite more skillfully, merchandise for a lower cost, and come out ahead.

But what about their future in an age of automation, all lines selling, one account installment paying, package policies on which the rate is pared to the bone for competitive purposes, and a climate in which quite a number of insurers (and other organizations with money) are anxious to pick up insurers where they can do so on favorable terms?

Unquestionably, competition has grown tougher and quicker. But these medium sized and smaller companies have a future. They can survive and grow for the very reasons they have survived and grown in the past—alert management, intelligent underwriting, and making the expense dollar go further and produce more results.

Yet for such companies one suggestion has been made that might be worth exploring. Obviously, these companies will find it difficult to get into the life business, which takes additional talent, a great deal of money, and years of time. But what about a mutual fund or a variable annuity insurance company? The cost of entry is said to be far less than getting into life insurance. The product is more readily sold. The size of the fund or company can accord with the insurer's capacities. Installment contracts in mutual funds presently are being sold by local agents in some areas—with, it is reported, good results. Such funds can be made up of common stocks, or stocks and bonds mixed (or even bonds only), with credit life and A&S to complete the purchase for the buyer in case of death or disability. Wouldn't this give the insurer several things for which other kinds of expansion would be undertaken—a broadening of the investment and earnings base, additional product for producers, and another contact with insured to enlarge the company's and the agent's per-customer service and lower the per unit cost of distribution.—K.O.F.

Personals

William A. Marbury Jr., president of the William A. Marbury managing general agency at Ruston, La., has been appointed by Gov. Davis to membership on the Louisiana Board of Commerce & Industry.

Deaths

JOHN D. DEPEW, 61, president of two New York general brokers, See & Depew, and Bale-Snedeker Co., died at St. Luke's Hospital after a short illness. Mr. Depew joined See & Depew in 1921 and later succeeded his father as president. The firm was founded in 1857 by his great grandfather, Abraham S. See. See & Depew bought Bale-Snedeker Co. in 1921 and Mr. Depew became president in 1958.

AUGUST H. QUIGG, 58, surety vice-president of the Dunlap agency of Auburn, Me., died there. He entered insurance in 1924 with Hartford Accident and later served as bond manager at Chicago for Standard Accident and Massachusetts Bonding. Subsequent to that he went to Boston as bond superintendent of Century Indemnity and manager for American Casualty. A brother, Daniel H., is a vice-president of Hartford Accident.

August H. Quigg

JAMES E. MOTT, 75, Wichita field representative for Great American from 1926 until his retirement in 1950, died there.

JULES RICKER, 67, Washington, D.C., agent, died of a heart attack at his home there. Mr. Ricker, who formed his agency in the early 1920s was a past international director of Lions Club.

JOHN H. HERCHE, 74, retired Jamesburg, N.J., agent, died in the hospital at Point Pleasant, N.J., after a heart attack. He founded his agency in 1916 and retired several years ago.

QUENTIN R. D. BITNER, 41, underwriting supervisor of General Accident at Washington, D. C., was killed when his car ran off the road and crashed into a bridge abutment near Stafford, Va.

FRED E. WILLIAMS, 70, local agent at Shelby, Mont., died there of a heart attack.

GEORGE GEYER, 57, vice-president in charge of bank and insurance stocks of Blair & Co., New York investment firm, died at his home in Port Washington, N.Y., after a short illness. He had been with John C. Legg & Co. in Baltimore before moving to New York to form his own investment firm about 20 years ago. Geyer & Co., which became one of Wall Street's largest over the counter dealers in bank and insurance stocks, was taken over by Blair & Co. in 1954. Mr. Geyer was a past president of New York Security Dealers Assn.

JOSEPH C. WINTERBURN, 54, assistant vice-president of the marine department of Home of Hawaii, died at Honolulu of a heart attack. He was with Marsh & McLennan on the west coast for 15 years. In 1948, he joined Home as marine superintendent and became assistant vice-president two years later.

JAMES A. HILL, 60, founder and president of the New York brokerage firm bearing his name, died in the hospital at Oceanside, N. Y.

B. C. HOPKINS, 81, veteran local agent at Des Moines and a past president of Iowa Assn. of Insurance Agents, died there of a heart attack.

Oklahoma Storm Loss At $1,137,500

DALLAS—High winds and hail which struck Oklahoma City and a number of towns in eastern Oklahoma July 27 and July 29 caused estimated insured losses of $1,137,500, according to General Adjustment Bureau.

The July 27 storm caused an estimated loss of $562,500, with heaviest damages reported in Muskogee and Tulsa. Other towns involved were Poteau, Wagoner, Warner, Broken Arrow and Claremore. Storms on July 29 produced losses of $312,500 in Chickasha and $262,500 in the western portion of Oklahoma City.

GAB, which anticipates 8,300 claims from the two storms, has set up storm offices in Muskogee, Chickasha and Oklahoma City.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Aug. 9, 1960

Aetna Casualty	87	91
Aetna Fire	89½	91
American Equitable	39½	41½
American, Newark	27	28
American Motorists	13¾	15
Boston	32½	33½
Continental Casualty	64½	66
Crum & Forster	64	66
Federal	57½	59
Fireman's Fund	53	54
General Re.	114	117
Glens Falls	35¼	36¼
Great American	45½	47
Hartford Fire	49¾	51
Hanover	43	44½
Home of N. Y.	56½	57½
Ins. Co. of No. America	62	64
Jersey Ins.	32	33
Maryland Casualty	38¾	40
Mass. Bonding	38	39½
National Fire	120	127
National Union	37	38
New Amsterdam Cas.	55½	56½
New Hampshire	51½	53
North River	37½	39
Ohio Casualty	23	24½
Phoenix, Conn.	79½	81
Prov. Wash	23½	24½
Reins. Corp. of N. Y.	22	24
Reliance	53	55
St. Paul F. & M.	56	57½
Springfield F. & M.	32	33
Standard Accident	49	50½
Travelers	86	87
U. S. F. & G.	42	43½
U. S. Fire	29½	30½

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

Published by The National Underwriter Co.

EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Eugene G. Downey and Jud Higgins, Assistant Editors

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Richard G. Ebel, William Faltysek and R. R. Cuscaden, Assistant Editors
Marjorie Freed (production) and Barbara Swisher, Editorial Assistants

OFFICERS
John Z. Herschede, President
Louis H. Martin, Vice-President
Kenneth O. Force, Vice-President
H. P. Gravengaard, Vice-President
Robert B. Mitchell, Vice-President
George C. Roeding, Vice-President
James C. O'Connor, Secretary
Joseph T. Maloney, Treasurer

ADVERTISING OFFICE
175 W. Jackson Blvd., Chicago 4
Tel. WAbash 2-2704 TWX CG 654
Raymond J. O'Brien, Advertising Manager

BUSINESS OFFICE
420 E. Fourth St., Cincinnati 2, Ohio
Charles P. Woods, Sales Director

REGIONAL SALES MANAGERS
Fred Baker, Atlanta
Paul Blesi, Cleveland
Alfred E. Cadis, Dallas
David Chapman, Des Moines
Dana L. Davis, Boston
James E. McSurely Jr., Denver
William J. Gessing, Detroit
Clarence W. Hammel, New York
Roy H. Lang, Boston
Howard J. Meyer, Minneapolis
Raymond W. Rieke Jr., Los Angeles
William D. O'Connell, Chicago
George C. Roeding, Cincinnati
A. J. Wheeler, Chicago
Robert J. Wieghaus, Chicago
George E. Wohlgemuth, St. Louis
Robert I. Zoll, Philadelphia

SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose mailing wrapper and Post Office form 3579 with new address, and allow three weeks for completion of the change.

Great American Has Underwriting Gain

Great American had an underwriting profit of $928,365 for the first half of 1960 compared with a loss of $4,201,765 for the same period in 1959. On a per share basis this reflected a gain of 32 cents against a loss of $1.45. Written premiums were down from $78,098,204 to $76,179,811. Unearned premium reserve rose $3,229,000 compared with $4,817,000. Policyholders surplus was $196,079,961, up from $189,773,501.

The ratio of losses and loss expenses to premiums earned was 58.5 and the ratio of other expenses incurred to premiums written was 38.5. In the first half of 1959 these figures were 64.8 and 38.5.

Investment income at June 30, 1960 was $5,992,674 against $5,697,325 in the first half of 1959. Net income was up to $6,865,247 from $1,471,606.

St. Paul Companies Report $5.5 Million 1st Half Net Gain

A net gain of $5.5 million in underwriting and investment income was reported by St. Paul F.&M. and St. Paul Mercury in the first six months of 1960. This compares with $4.7 million last year.

The companies wrote premiums of $86.2 million. Underwriting profits amounted to $1.5 million, over three times that of last year. Investment income was $5 million, compared to $4.6 million for the first six months of 1959.

Automobile showed a marked improvement during the first half, producing a profit of $800,000. Last year, this line reported a loss of over $300,000. Over-all indemnity figures were slightly above last year.

The property loss ratio remained about the same level as the first six months of last year. However, the total profit picture was better. Home owners and output business was 54% above the first half of 1959. Aviation coverage showed a profit despite severe losses, and ocean marine also ended the first six months in the black.

Incurred losses amounted to $42.6 million. Policyholders surplus totaled $161.9 million, an $8.4 million increase

St. Paul F.&M. Makes Changes In Tenessee

St. Paul F.&M. has appointed Harold R. Trickey Jr. Tennessee manager at Nashville. James L. Hicks has been advanced from special agent at Knoxville to state agent for the eastern division. Ralph G. Lawrence, special agent at Nashville, has been transferred to a new office at Memphis where he will be state agent for western Tennessee.

Gyory Gen. Phone Buyer

Robert S. Gyory, insurance manager of Sylvania Electric Products, Inc., has joined General Telephone & Electronics Corp. as insurance and pensions director. He has been with Sylvania since 1952 and before that was with Zurich and American Guarantee & Liability.

Finn In L. I. For Zurich

Zurich has appointed Thomas A. Finn Jr. multiple line sales representative at New York for Long Island. In the business 23 years, he has been with American and Yorkshire.

Views Retrospective In WC Competition

At the agents' school in Jackson sponsored by Mississippi Assn. of Insurance Agents, M. D. Crown, assistant secretary of Western Casualty & Surety, reviewed changes in the workmen's compensation law of the state and told how agents can use retrospective WC to beat the competition.

At Jan. 1, 1960, the benefits of the Mississippi act were 15% higher than they were at its start Jan. 1, 1949. The rate level was approximately 11% above the initial rate level, Mr. Crown observed.

The most recent legislature passed several acts of benefit to employes and employers, Mr. Crown said. One bill amended the word "disability" to include the words, "the extent thereof must be supported by medical findings." This is worthwhile, he said. A few years ago an employe sustained a broken leg in Mississippi. The attending physician, after the examination of 26 X-ray pictures, contended that the man was completely healed and indicated it would not be out of reason to allow a 10% disability for the use of the leg in view of the fact that the leg was one-half inch shorter. In spite of this testimony the commission awarded 100% disability since the employe contended that he could not work. The award was granted even though the employe testified under oath that he had not attempted to secure employment .This amnedment will require the compensation commission to give greater consideration to expert medical testimony, Mr. Crown said.

Ceiling Off Hernia

Formerly the act provided for a medical limit of $250 for a hernia. This is an unrealistically low figure, he said.

One bill was prompted by the recent Wiygul Motor Co. vs James Pate case. Mr. Pate was partially disabled. Under the terms of the act he was entitled to compensation in the amount of approximately $3,000 payable over a period of 450 weeks. The minimum weekly provision of the act provided that compensation should not be less than $10 per week except in partial dependency cases. The award granted Mr. Pate was $6.67 per week. He appealed on the basis of the $10 minimum. The appeal court granted the $10 minimum and the legislature amended the minimum weekly benefit to provide for not less than $10 per week, except in partial disability and partial dependency cases.

One amendment should encourage the employment of handicapped individuals. Fromerly an employer would hesitate to hire a handicapped person, knowing that an injury could cause permanent disability whereas it should have only been a partial disability under ordinary circumstances. The cost of a permanent disability would then be charged to the experience of the employer and would be reflected in a higher compensation rate. This amendment appears to be just and reasonable, Mr. Crown commented.

Aspects Of Self Insurance

Retrospective rating has many of the aspects of a self insurance program with some further advantages, he said. The self insurer must handle his own losses and continuously faces the possibility of a major catastrophe loss which might put him out of business. Under the terms of a retrospectively rated program the employer has the benefit of insurance against such major catastrophes plus the benefits of professional insurance people, plus the benefit of a substantial saving in insurance cost, where the loss experience is under control.

Mr. Crown said his company presented a retrospective rating proposal to a business firm in a small midwest community and it was accepted. This employer had been a self insurer for 30 years. His estimated annual premium was approximately $5,000. The final retrospective rating premium developed after the first year of operation was slightly under 50% of the standard premium.

Cites Another Case

In another case a Western agent submitted a risk cancelled by the two previous insurers. The experience was terrible. Yet the attitude of the employer was such that he would follow any credible suggestions which would improve the character of his business. A retrospective rating program was offered and accepted. That was 10 years ago. Since that time, the employer has gone from a very heavy penalty in his rate modification to an experience credit. The loss experience has been brought under control, and both the employer and the company have benefitted.

Recently, Mr. Crown added, a large, direct writing mutual took an account away from Western that had been on retrospective rating. Six months after the account was lost, Western sent the employer a check for $5,000, the return premium under the retrospective. Western's agent obtained an order for the business on the next anniversary date.

Accountant's Society Publishes News Letter

Society of Insurance Accountants—the organization resulting from the merger of Insurance Accountants Assn. and Assn. of Casualty Accountants & Statisticians—has published the first issue of its news letter, an informative record of past, present and contemplated activities. Editors are Everard P. Smith, retired U S manager of Norwich Union; Edward G. Crapser, vice-president and secretary of Pacific of New York, and George R. Ladner of Long Island Casualty.

The new unit now has a membership of more than 500, representing more than 150 organizations.

The next meeting of the society will be at the Statler Hilton in New York Sept. 23. Guest speaker will be John N. Cosgrove, associate editor of THE NATIONAL UNDERWRITER. He will speak on the accountant's role in the merchandising reorganization of the business.

Grinter Oklahoma City V-P Of Mid-Continent Casualty

Mid-Continent Casualty of Tulsa has promoted Joe W. Grinter to resident vice-president at Oklahoma City. He has been with the company since 1956 as a special representative and before that was with General Bonding & Insurance of Oklahoma City and Traders & General.

Wood In Central Ohio

Trinity Universal has assigned James D. Wood to Columbus as special agent for central Ohio. He joined the company in May and has been in multiple line training at the home office.

Pioneer Mutual of Boston has been licensed in Vermont. It operates also in Maine, Massachusetts and New Hampshire.

$258 Million In Six Months For Allstate

Allstate in the first half 1960 had a gain of more than 16% in premiums over the first six months of 1959, the total exceeding $258 million. The 1959 half year figure was $221,740,000.

Business increased in all lines—auto, homeowners, fire, personal and commercial liability, boatowners and health insurance. Sales of the Allstate Life also showed a healthy gain.

President Judson Branch called the new non-cancellable auto liability plan "one of the greatest forward steps ever taken in the auto insurance industry."

10-Year Plan Of Development To Be Proposed To CPCUs

A 10-year plan of professional development will be recommended to directors of Society of CPCU when that group holds its annual gathering in Detroit, Sept. 14-16.

The society's planning commission, appointed last September to study progress of the society, its present status, and where it wants to go in the immediate future, will report. The commission will propose a questionnaire survey of the needs and convictions of members, and will suggest broader diversification of chapter activites and further development of the professional interests of the membership.

The planning commission consists of three past presidents of the society, M. G. Young, personnel director of Zurich; Milford L. Landis, counsel of Central Mutual; and Gerald E. Myers, vice-president of Alexander & Co., Chicago.

Eight Days Of Sessions

Sessions in Detroit will extend over eight days, Sept. 9-16, and will include meetings of the executive committee, directors, chapter presidents' advisory council, the national CPCU conferment exercises, and three days of seminars, which are the product of the society's 1960 program of professional research.

M. J. Pierce, assistant vice-president of Standard Accident, is director of the seminar program. Harold C. Krogh, associate professor of insurance at University of Kansas, is director of research for the society.

About 400 members of the society are expected to attend the sessions, according to Harry F. Brooks, managing director. The annual business meeting will be held Sept. 15. New officers and directors, being elected by mail ballot, will be announced at that meeting.

Donald A. Lindow, vice-president of Michigan Mutual Liability, is general chairman of the meeting.

New Florida Handbook Published

A new Underwriter's Handbook of Florida has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Florida handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50.

Not Business Interruption Versus Extra Expense — It's And / Or

By GEORGE M. BLUM

Blum Claims Service, Chicago

A series of experiences have indicated a general misunderstanding of the relationship between business interruption and extra expense insurance. In extra expense, coverage is viewed as a sort of cheap cousin of business interruption. It is not. The two forms do not overlap but can complement each other. In certain instances both forms should be used.

The business interruption form provides coverage for a period during which, with due diligence, the real and personal property could be, but not necessarily is, restored. Coverage begins and ends with that period. The business interruption form does not cover the value of a lost long-term contract after the property has been restored, nor does it cover special expenses designed to hold (by performance) such a long-term contract. Only expenses that will shorten the time or the expense of interruption are involved.

Business Loss Not Covered

The extra expense form does not cover loss of or reduction of business. In fact, a loss of business or reduction of business will probably reduce liability under that form. No business activity would eliminate all liability. The extra expense form was conceived for the insured who, for good reason and usually by prearrangement, could not and would not allow reduction of normal business during a period of restoration following a fire. The essential wording in the definition of extra expense runs ". . . the excess (if any) of the total cost during the period of restoration . . . over and above the total cost of such normal operation that would normally have been incurred during the same period, had no fire occurred. . ." The words "excess" and "total" are the key and limiting words. There is no "per" in the intent. There is no excess per unit —no increase in percent of cost above normal percent intended. Only excess of a total cost normal to a certain period of time.

The extra expense form generally should be of no interest to the insured who cannot be certain that he can and will, by whatever means, including special expenses, hold his business volume at normal during the time necessary to restore the damaged property.

Situation Important

There is a right time and place to sell extra expense coverage instead of business interruption coverage. Sometimes a situation will justify selling both coverages. A client who has made special arrangements, or who is in such a favorable position that he knows he can avoid all reduction of business in case fire damages his premises needs only extra expense coverage. The amounts needed will require special study and estimate, but the form will be adquate. A client, usually a manufacturer with special tooling limitations, must face an expected reduction of business and a possible loss of long-term contracts. More often than not, he will have to be satisfied with business interruption coverage and accept the loss of future business (because of the loss of the contracts) after the premises are restored. Occasionally, however, such long-term contracts will represent such a large proportion of his business as to justify an attempt to insure such loss by means of an extra expense form as well as the business interruption form.

Example Cited

Example: A manufacturer produces certain items in a standard "production to stock" way. An interruption of six months would have to be accepted on such items because of special tooling and equipment needs. After the interruption period business would be resumed and the market would be waiting to take the output. For that, business interruption is the coverage. One day that manufacturer gets a 10-year contract that is going to add 200% to his business earnings, but by the terms of that contract he must deliver or be cancelled. He is now a likely subject for extra expense as well as business interruption. With a six-month shutdown he would be forced to let standard production go and collect from the business interruption insurance. However, on the special 10-year contract business he will engage in great and even desperate expense to deliver. Such expenses will probably be so great that the total will be in excess of normal expense for the interrupted period even after avoidance of those expenses that directly followed production and so would be stopped in proportion to the halted standard production.

Assume total normal expense for a six-month period of $100,000 for the standard production and contract business, and gross earnings for that period of $24,000 of which $8,000 is from standard production and $16,000 from contract. After a fire, gross earnings on standard production would be lost and insured could collect $8,000 (less any avoidable expenses) from business interruption insurance. If he did not or could not continue business on the contract he could collect another $16,000 from business interruption and he would thus be made whole for that period of interruption. But after the six months he would have a one-third volume of business unless

and until he could find another special contract. So he should consider taking measures, justifiably costly ones, to deliver on that contract business.

Of his $100,000 expenses in the six months, two-thirds would be related to the contract business, and so if he continued on the contract work, expenses would be $66,666 plus all the unavoidable expenses during the time standard production was stopped. Of the $8,000 paid by the business interruption on interrupted standard production, $5,000 could be assumed to be unavoidable expense. Thus if insured continued on the contract work he would probably have expenses of $66,666 on the contract and unavoidable expenses of $5,000, a total of $71,666. This is $28,334 less than the normal expenses of $100,000. Any extra expense contemplated in excess of $28,334 can come under the extra expense form. With a situation such as this it should not be unusual to have special and nonstandard expenses of in excess of $50,000, so a possible loss of $21,666 can be protected by extra expense insurance.

Thinking on this subject, therefore, should not run business interruption vs extra expense, but business interruption and/or extra expense insurance. But the sharp limitations of extra expense should be kept in mind and it should not be sold with the understanding that a higher cost per unit or higher percent of cost will be considered extra expense.

Perkins Joins American In Philadelphia Bond Post

Charles F. Perkins has been named bond manager of American at Philadelphia. He replaces John A. Goetz, resigned.

Mr. Perkins began his career in 1928 as a field man of U.S.F.&G. and subsequently became bond manager at Philadelphia. He has held the same post with Massachusetts Bonding for the past year.

Roberts Joins Bond Unit Of Buckeye Union Casualty

William S. Roberts has been appointed assistant manager of the bond department of Buckeye Union Casualty. He has been with Continental Casualty at Columbus and has been in the banking field for 14 years.

Number Of Insurers Writing Guaranteed Renewable A&S Rises

At the end of 1959, at least 53 insurance companies issued individual and family health policies which were guaranteed renewable for life or to later than age 65, according to a Health Insurance Institute analysis. A year before, 33 companies issued such policies.

The analysis showed that in the period of a year there also had been general improvement in policy provisions applying to the maximum age at which these policies would be renewed, the maximum age at which such policies are issued, maximum daily hospital room and board benefits, maximum duration of hospital stay, and maximum surgical benefits.

Of the 33 companies which at the end of 1958 issued guaranteed renewable policies, 31 renewed them for the lifetime of the insured, one company to age 70 and one to age 75. However, at the end of 1959, when 53 companies were listed, 51 issued policies guaranteed renewable for the lifetime of the insured, one to age 70 and one to 75.

50% Issue To 65 Plus Group

In terms of the maximum age at which a company will issue a guaranteed renewable policy, half of the companies in 1958 issued policies to persons 65 or older, including nine companies that issued policies to persons 75 or older and one company that had no specified age limit.

At the close of last year, three fifths of the companies issued guaranteed renewable policies to persons 65 or older, including 27 companies that had a maximum issue age of 75 or older, and 10 companies that placed no specified limit on issue age, said the institute. The other 22 companies had top issue ages ranging from 55 to 64.

The maximum daily hospital room and board benefit offered by one-third of the companies in 1958 ranged between $10 and $19, while the other two-thirds had a maximum of $20 or more. By 1959, about three-quarters of the companies had a maximum of $20 or more, and the remainder were under $20.

As for maximum duration of hospital stay, 20 of the 33 companies in 1958 offered a maximum stay of 120 days or more, whereas in 1959, 36 did so.

A surgical schedule with a maximum benefit of $400 or more was contained in policies of 51% of the companies in 1958 and 61% in 1959, while a maximum of $300 could be had from 76% and 81% of the companies in 1958 and 1959, respectively.

Insurers Get $13,000 In Auto PHD Surcharges In La.

A special procedure has been authorized in Louisiana for risks unable to buy automobile PHD at manual rates since March 19, 1959. This permits insurers to charge 50% higher than manual rates. During the 12 months ending March 19, 1960, the PHD surcharges totaled $13,099. By lines the surcharges were $11,256 for collision, $519 for comprehensive, and $1,322 for fire and theft.

These amounts represented only the 50% surcharges and do not include the premiums on which the surcharges were based.